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Value Proposition Uniqueness in Equity Crowdfunding Firms: A Strategic Distinctiveness Perspective

TESI DI LAUREA MAGISTRALE IN
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Abstract

This thesis explores the relationship between value proposition uniqueness and financial performance in equity crowdfunding campaigns. While prior research often assumes that uniqueness leads to competitive advantage, less focus has been placed on how investors interpret distinctiveness in uncertain environments like crowdfunding platforms. The aim of this study is therefore to better understand under which conditions uniqueness may become economically significant.

The thesis builds on existing literature in strategic management and entrepreneurial finance, combining insights from signaling theory, optimal distinctiveness theory, sustainability research, and gender studies. Rather than attempting to prove a causal relationship, the study develops a conceptual framework to explain how investors may interpret uniqueness depending on how it is communicated and contextualized.

To illustrate the conceptual framework, the thesis includes an exploratory analysis of ten equity crowdfunding campaigns. Given the small sample size, the results are not generalizable. The analysis does not find statistically robust direct effects of sustainability signaling or gender composition on campaign performance. Instead, the findings indicate that factors such as funding target size and clarity of communication may be more influential.

Overall, the thesis contributes to the discussion on strategic distinctiveness by highlighting that uniqueness alone may not guarantee financial success. Its impact appears to depend on how it is framed, understood, and perceived by investors. The study concludes by proposing future research directions based on larger datasets and more comprehensive empirical designs.

Key-words: value proposition uniqueness; equity crowdfunding; signaling theory; esg signaling; gender dynamics; strategic distinctiveness

Abstract

Questa tesi analizza la relazione tra l'unicità della value proposition e la performance finanziaria nelle campagne di equity crowdfunding. Sebbene la letteratura precedente tenda ad assumere che l'unicità generi automaticamente un vantaggio competitivo, minore attenzione è stata dedicata al modo in cui gli investitori interpretano la distintività in contesti caratterizzati da elevata incertezza, come le piattaforme di crowdfunding. L'obiettivo dello studio è quindi comprendere in quali condizioni l'unicità possa diventare economicamente rilevante.

La tesi si basa sulla letteratura esistente in strategic management e imprenditorialità, integrando contributi della signaling theory, dell'optimal distinctiveness theory, degli studi sulla sostenibilità e della letteratura sulle dinamiche di genere. Piuttosto che dimostrare un rapporto causale, il lavoro sviluppa un quadro concettuale volto a spiegare come l'interpretazione dell'unicità da parte degli investitori dipenda dal modo in cui essa viene comunicata e contestualizzata.

Per illustrare il framework concettuale, viene condotta un'analisi esplorativa di dieci campagne di equity crowdfunding. Data la limitata dimensione del campione, i risultati non sono generalizzabili. L'analisi non evidenzia effetti diretti statisticamente robusti né del signaling legato alla sostenibilità (ESG) né della composizione di genere sulla performance delle campagne. I risultati suggeriscono invece che fattori quali la dimensione del target di finanziamento e la chiarezza della comunicazione possano avere un ruolo più rilevante.

Nel complesso, la tesi contribuisce al dibattito sulla distintività strategica evidenziando che l'unicità, di per sé, non garantisce il successo finanziario. Il suo impatto sembra dipendere dal modo in cui viene presentata, compresa e percepita dagli investitori. Il lavoro si conclude proponendo possibili sviluppi futuri basati su dataset più ampi e su disegni empirici più approfonditi.

Parole chiave: unicità della proposta di valore; equity crowdfunding; teoria del segnale; segnalazione ESG; dinamiche di genere; distintività strategica

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1 Introduction

1.1. Research Background and Motivation

In today's increasingly competitive and fast-changing markets, firms are under growing pressure to clearly express what makes their offerings valuable and distinctive. As competition gets intenser and products become more easily comparable, success depends not only on technological innovation or operational efficiency, but also on how effectively firms communicate and deliver value to their stakeholders. This challenge becomes particularly significant in emerging financing environments such as equity crowdfunding, where visibility and differentiation play a decisive role.

Unlike traditional financing systems, in which professional or institutional investors rely heavily on formal financial analyses, equity crowdfunding shifts the evaluation of firm value to individual investors. These investors often lack access to detailed financial information and instead base their decisions on perceptual hints, narratives, and signals embedded in campaign communication. As a result, the way a firm presents its value proposition, what it emphasizes, how it differentiates itself, and how well it communicates its strategic objective becomes a key driver of funding outcomes.

Within this context, the uniqueness of a firm's value proposition emerges as a critical factor shaping investor perceptions and investment decisions. A distinct value proposition not only helps firms stand out in crowded digital platforms, but also functions as a signal of credibility, strategic clarity, and long-term potential. Motivated by these dynamics, this thesis examines how firms construct and communicate unique value propositions in equity crowdfunding campaigns, and how such uniqueness influences their ability to attract financial support.

1.2. Value Proposition Uniqueness in Equity Crowdfunding

In the literature, the concept of value has evolved significantly over the last few decades. Rather than being viewed as a static, firm-defined outcome of exchange, value is increasingly understood as a relational and experiential phenomenon that emerges through interactions between firms and their stakeholders. This shift has

important implications for how value propositions are designed, communicated, and evaluated, particularly in contexts where stakeholder perceptions play a central role.

This evolving understanding of value is reflected in several influential theoretical frameworks. Service-Dominant Logic (Vargo & Lusch, 2004; 2008), for instance, conceptualizes value as co-created through ongoing interactions and the integration of resources, rather than embedded in products or services themselves. From this perspective, firms do not provide value unilaterally; instead, they propose value that is recognized through use and engagement. Similarly, the SOCO framework (Saxe & Weitz, 1982) highlights the behavioral dimension of value creation, emphasizing how customer-oriented approaches contribute to relationship quality and long-term performance. This observation is especially applicable in trust-based systems like equity crowdfunding, where relational signals frequently replace detailed financial information.

In parallel, Demand-Side Strategy (Priem et al., 2012) emphasizes the importance of stakeholder perceptions by changing strategic focus from firm-centric resources to customer demands, preferences, and problem-solving potential. According to this view, value is increasingly derived from a company's capacity to understand and meet latent or emerging demands, rather than from its internal competencies. Extending these perspectives to inter-organizational contexts, Relationship Functions Theory (Walter et al., 2001) offers a complementary view by distinguishing between direct and indirect sources of value in business relationships. Direct functions such as product quality, delivery reliability, and payment terms tend to generate value in a relatively linear manner. In contrast, indirect functions, including innovation, access to networks, and motivational effects, exhibit more complex and non-linear dynamics. Prior research suggests that these indirect contributions enhance value only up to a certain point, beyond which diminishing returns or increasing complexity may reduce their effectiveness. (inverted U shape).

Taken together, these theoretical perspectives suggest that value proposition uniqueness cannot be reduced to isolated product features or transactional benefits. Instead, uniqueness emerges from how firms combine relational, behavioral, and strategic elements to create value that is perceived as meaningful and distinctive by relevant stakeholders. This insight provides a critical foundation for examining value proposition uniqueness in equity crowdfunding, where investor judgments are shaped not only by what firms offer, but also by how convincingly and coherently that value is communicated.

1.3. Sustainability and Gender as Strategic Signals

In addition to value proposition uniqueness, this thesis examines two complementary dimensions that shape how value is perceived and evaluated in equity crowdfunding: sustainability and gender. Rather than treating these factors as isolated characteristics, the study approaches them as strategic signals that influence investor perceptions, trust formation, and investment behavior within digitally mediated funding environments.

Rather than focusing only on firm characteristics, this thesis examines how gender dynamics influence campaign outcomes and investor decision-making. Existing research suggests that gender-related indicators, such as the entrepreneur's identity, communication style, or presentation format, might affect investor decisions, usually in indirect ways rather than through straightforward evaluation criteria. In this sense, gender serves as a perceptual filter through which value propositions are evaluated, possibly enhancing or limiting the effectiveness of similar offerings.

Second, the thesis investigates the role of sustainability, operationalized through environmental, social, and governance (ESG) dimensions, in shaping financing success. Building on recent empirical work (Zhao & Piva, 2024; Ming et al., 2024).¹², sustainability is conceptualized not as a direct driver of performance, but as a mediating and signaling mechanism that enhances the credibility and perceived quality of a firm's value proposition. In investment environments with high information asymmetry, ESG-related signals can reduce uncertainty and strengthen investor confidence, influencing funding outcomes.

This thesis creates a comprehensive framework for understanding how organizations generate, communicate, and create value through equity crowdfunding by combining concepts from marketing, strategic management, and organizational behavior. It demonstrates how value proposition uniqueness is influenced by sustainability and gender signals that filter and modify investor perceptions.

¹ Ming, L., Tan, S. H., & Omar, M. A. (2024). ESG Integration and Financial Performance: Evidence from Malaysia's Leading Companies. *Asian Journal of Business and Accounting*, 17(1), 45–64.

² Zhao, W., & Piva, E. (2024). Value Proposition Clarity and Success in Equity Crowdfunding: The Role of ESG Signals. *Journal of Business Venturing Insights*, 22, 100567.

1.4. Research Question and Scope of the Thesis

The research question of the thesis is “How does value proposition uniqueness, as a dimension of strategic distinctiveness, influence financial success in equity crowdfunding campaigns?”

1.5. Contribution of the Thesis

This thesis aims to contribute to the literature by bringing together different perspectives on value, distinctiveness, and signaling in the context of equity crowdfunding. It focuses specifically on how value proposition uniqueness may relate to financial success, and how gender composition and sustainability orientation may influence the perception of investors on uniqueness.

In crowdfunding environments, where uncertainty and information asymmetry are high, investors often rely not only on financial indicators but also on qualitative signals. By connecting value proposition uniqueness with signaling mechanisms, this thesis attempts to provide a more integrated understanding of how strategic distinctiveness is evaluated in early-stage ventures.

From a methodological perspective, the thesis combines a theoretical discussion with an exploratory empirical analysis based on a small manually constructed dataset. Although the empirical findings are limited in scope and do not allow for strong causal claims, they offer initial insights into how campaign design and signaling elements may relate to funding performance. In this sense, the study serves as a starting point for future research that could test these relationships with larger datasets and more advanced methods.

2 Methodology

2.1. Systematic Literature Review on UVP

This systematic literature review investigates prior scholarly research and practitioner-oriented documentation to delineate the state of the art on the literature on the uniqueness of value propositions of firms and its operationalization, highlighting its significant academic and managerial relevance. The review follows the methodological approach of Tranfield et al. (2003) and Sauer and Seuring (2023), using a structured steps encompassing the phases of planning, conducting, reporting, and dissemination. Regarding the planning, we conducted a narrative analysis that confirmed the wide conceptualizations of unique value proposition, whereas limited structured and comprehensive analysis. During this step, significant papers from Arts et al. (2018) and Guzman and Li (2023) highlight the timing of conducting this work.

For data collection, a significant amount of time was dedicated to identifying relevant keywords related to the uniqueness of a companies' value propositions. A panel consisting of two scholars with expertise in strategy, entrepreneurship, and finance identified the following key search terms: ("value proposition" OR "value") AND ("unique*" OR "differentiat*" OR "position*" OR "singular*" OR "distinct*" OR "segment*") AND ("strateg*" OR "innovat*" OR "competit*" OR "business" OR "perform*" OR "grow*" OR "sell*" OR "surviv*"). This approach sources documents from a traditional database and an AI-driven approach, enabling a comprehensive exploration. First, we conducted a search with the identified keywords within the titles, abstracts, and keywords of English-language articles published till 31/12/2024 in the Scopus database. This database was selected due to its extensive coverage of social science literature and its established reliability, validity, and timeliness (Sauer & Seuring, 2023; Vieira & Gomes, 2009). The search filtered papers in the subject areas of business, management, and accounting and economics, econometrics, and finance (3,621 documents). The review complemented with grey literature documents (e.g., reports) from practitioners in the field (26 documents). Second, we searched documents with ChatGPT³ to support and extend the analysis (Collins et al., 2021; Huang & Wang, 2024; Kacena et al., 2024; Khalifa & Albadawy, 2024; Wagner et al.,

³ ChatGPT, an AI model developed by OpenAI, which was selected among others for our scope because it has emerged as a powerful tool with a broad range of applications in various domains, counting 14.68 billion visits within the top 50 AI platform.

2022). We developed prompts that searched academic papers and grey literature in the web, with concepts related to the identified keywords. The prompts were run until saturation of the findings was reached (Appendix A). This method assisted in confirming some of previous documents and identified 47 documents; 32 academic papers, 15 grey literature documents. The search in the web feature of the ChatGPT tool ensured to avoid inaccuracy in the findings. The sample counted 3,682 documents after removing the duplicated documents (Scopus:11, ChatGPT:1)

For the data analysis, the screening of documents was run with the support of an artificial intelligence tool given the high number of papers in the sample (Collins et al., 2021; Huang & Wang, 2024; Kacena et al., 2024; Khalifa & Albadawy, 2024; Wagner et al., 2022). We used ChatGPT to evaluate the alignment of the papers to our work, asking the tool to classify the relevant papers with "1", non-relevant papers with "0", and unsure papers with "2" (Appendix B). Then, one author randomly selected 30 papers to verify each class. Thus, authors assessed titles, keywords, and abstracts in double blind, and one other author randomly verified the correctness of the process. Once completed, two authors read the full texts, and one other author randomly verified the selected papers. Disagreements were checked until a final agreement was achieved. Further, the selection captured relevant papers by backward approach referring to documents' citations. We used Research Rabbit⁴ to identify similar and related works, leveraging forward citation tracking to explore the broader context of each paper. This platform was used to expand the network of relevant literature by suggesting papers connected through forward/backward citation links and thematic similarity. These were then merged with the Scopus based results to complete the selection pool. The final sample included 1549 documents, it excluded 2133 documents because these did not contain value in firms as a content. Among the selected papers, we manually reviewed papers with "1" and "2" to see if they were really relevant. By this elimination we only found 415 of these papers really relevant. We grouped the papers according to their keywords. We identified the keywords related to "value in firms" within the final 415 papers. Based on their thematic alignment and the conceptual frameworks they addressed, three keywords were chosen to sum up each article. This choice was made to represent ideas that were frequently examined in various studies (e.g., firm performance, governance, innovation, stakeholder relations). In order to provide a more comprehensive overview of the subheadings of the "firm value" topic, studies that shared three

⁴ Research Rabbit suggests papers based on existing relationships between academic documents, both backward forward cited documents to further complement relevant documents.

keywords were grouped together on the assumption that they addressed related research questions or theoretical frameworks. By this way, we found the papers that could be grouped and this led us to analyze the main topic as subtopics. By comparing each paper belonging to the same keyword groups we were able to do further analysis related to each topic. The keyword combos can be listed as: “financial risk, model accuracy and VaR forecasting”; “firm performance, governance and strategic decision making”; “green innovation, market value, stakeholder engagement”; “hedonic value, technology adoption, user satisfaction”; “informal networks, knowledge sharing, organizational performance” and “innovation ecosystem, network effect, value creation”.

After grouping articles by keywords, a qualitative assessment was conducted to identify the most influential studies within each thematic group. Articles were not eliminated at this stage; however, indicators such as number of citations (e.g., more or less than 30) and year of publication (before/after 2021) were used to assess their weight in the literature. The SJR category was also used to identify studies published in higher-ranking journals. This method ensured a balanced assessment of both theoretically influential studies and contemporary contributions. In the end, after the initial screening, 415 papers were chosen for in-depth assessment. During the full-text examination, 360 documents were removed because even though they first appeared relevant they were eventually concluded not to provide meaningful insight into the uniqueness of value propositions in organizations or lacked conceptual or empirical connection with the research goal.

The steps are reported as per the PRISMA reporting protocol for ensuring the reproducibility of the study (Figure 1).

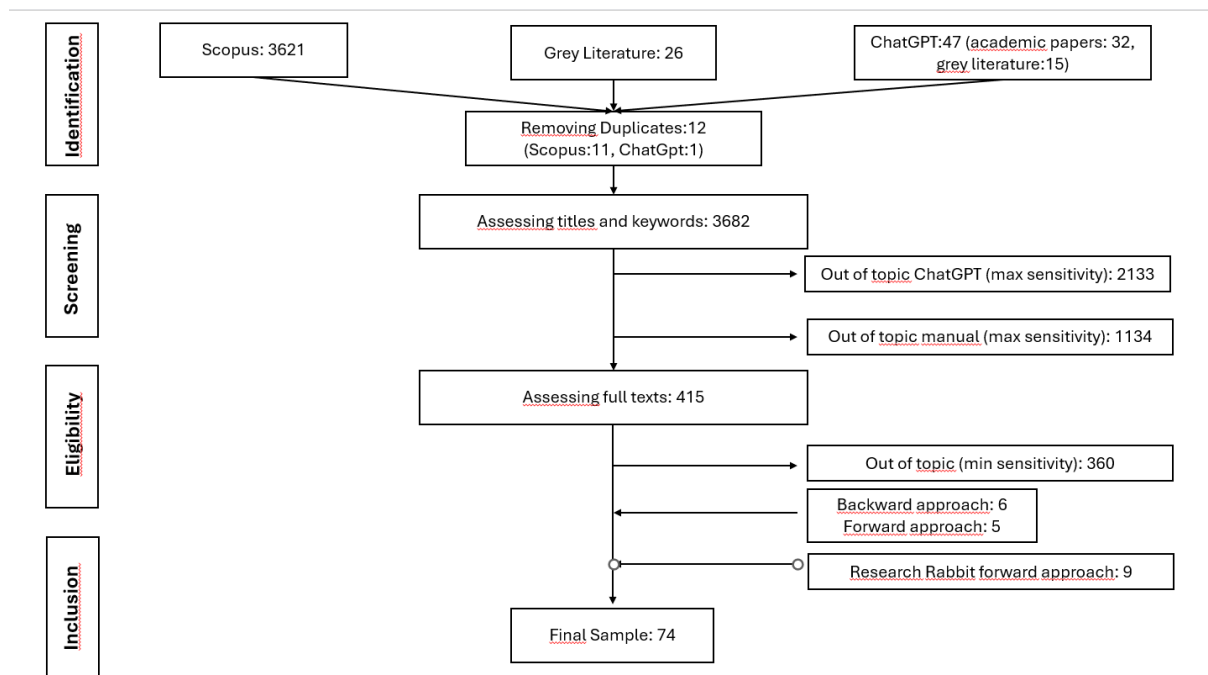


Figure 1: PRISMA framework

The documents selected for the literature review were organized using a three-stage coding structure developed by Gioia et al. (2021). Each article was summarized in terms of method, context, and findings in an analysis spreadsheet created in Excel. First-order concepts were then assigned to keywords and key themes, which were then grouped into second-order themes and then into general theoretical dimensions. Conceptual clusters were systematically mapped, and thematic connections between articles were analyzed.

2.1.1. Literature Review Methodology: Sustainability, ESG, and Value Proposition

In this literature review we aim to investigate how sustainability is a mediator in value proposition and financial success in firms. To compile existing literature, explaining the relationship between sustainability and value in firms through key findings and research gaps Scopus software is used. The search was conducted in the Advanced Search section, where a Boolean search string was created consisting of keywords that combined the three main concepts the study focused on. The query used:

(("value proposition" OR "value creation") AND (sustainability OR "sustainable business model") AND ("financial performance" OR "financial success" OR "campaign performance") AND ("mediate" OR "mediator" OR "mediation" OR "relate" OR "relation" OR "effect"))

This query was applied to the title, abstract, and keyword fields to filter out studies that could directly contribute to the topic which gave 48 results. Seven academic articles were selected from the results that treated sustainability as a mediating variable, specifically addressed the concept of value proposition, and linked it to financial performance outcomes. Among the selection criteria, studies involving statistical mediation tests (e.g., regression, structural equation modeling, or path analysis), regardless of whether they were conducted using quantitative or qualitative methods, were prioritized. Each selected article was systematically analyzed with respect to its method, dataset, theoretical framework, dependent and independent variables, control variables, and key findings. The primary objective of these analyses was to understand whether sustainability elements within companies' value propositions serve as a strategic signal to investors and stakeholders and have an indirect impact on financial success.

2.1.2. Literature Review Methodology: Gender Dynamics and Value Proposition

This literature review aims to show how gender affects investor perception, how it affects value proposition relationships, and how it may affect financial success. The Scopus database was searched using keywords to achieve this. The search approach included both theoretical and empirical research on investor behavior, entrepreneurship, and gender-based perceptions.

The title, abstract, and keyword fields were used in the search, and the following Boolean expression was applied:

("gender" OR "female founder" OR "female entrepreneur" OR "gender dynamics" OR "gender bias") AND ("value proposition" OR "value perception" OR "value communication" OR "investment decision" OR "crowdfunding" OR "financial performance")

Studies published between 2015 and 2025 were included in the search results, which were restricted to peer-reviewed journal articles. Business, management, finance, and social sciences were the fields that were filtered.

38 articles in total were obtained. 7 original studies that were most directly related to the subject were included in the detailed analysis after their abstracts were reviewed. The methodology, theoretical framework, dependent and independent variables, and conclusions of these studies were all systematically compared. This aimed to offer a comprehensive perspective on how gender affects value proposition communication.

2.1.3. Literature Review Methodology: Value Proposition Uniqueness in Equity Crowdfunding

This literature review systematically examines academic research that investigates how the uniqueness of a firm's value proposition influences financial success in equity crowdfunding campaigns. The primary objective is to synthesize existing findings on the relationship between value proposition characteristics and campaign outcomes, while also identifying key conceptual and empirical gaps in the literature.

The review is based on a structured search conducted in the Scopus database. Studies were identified using the title, abstract, and keyword fields, applying the following Boolean search string:

("value proposition" OR "value creation" OR "value communication") AND ("equity crowdfunding" OR "financial success" OR "funding success" OR "campaign performance" OR "investor decision")

The initial search returned 34 articles. After reviewing abstracts and excluding publications that did not directly address value propositions or crowdfunding outcomes, seven highly relevant and original studies were selected for in-depth analysis. These articles were examined comparatively with respect to their methodological approach (qualitative or empirical), theoretical framework, key variables, principal findings, and directions for future research. This systematic comparison made it possible to assess how value proposition uniqueness has been conceptualized, operationalized, and linked to financial success in equity crowdfunding contexts.

2.2. Narrative Review on Equity Crowdfunding

Equity crowdfunding has emerged as an innovative financing mechanism for entrepreneurial ventures and a complementary alternative to traditional investment channels. It allows a large number of individual investors to participate in early-stage financing, typically through online platforms, in exchange for equity stakes. Prior research highlights equity crowdfunding as both a funding opportunity for startups and an accessible investment channel for individuals seeking exposure to entrepreneurial ventures (Block et al., 2018, 2020; Bonini et al., 2019; Cumming & Groh, 2018).

Compared to conventional funding sources such as venture capital or bank financing, equity crowdfunding is characterized by higher transparency requirements, broader

investor participation, and increased reliance on online communication. These features fundamentally shape how value is presented, perceived, and evaluated by investors.

2.2.1. Financial Success in Equity Crowdfunding

Financial success in equity crowdfunding campaigns is conceptualized in different ways across the literature, but it is most commonly assessed using three complementary dimensions. The first and most widely accepted criterion is whether a campaign reaches its predefined funding target, typically measured as a binary success–failure outcome.

Second, campaign performance is often evaluated using continuous measures, such as the total amount of capital raised or the percentage by which the funding target is exceeded. These indicators provide a more complex understanding of campaign outcomes beyond simple goal attainment.

Third, investor engagement is captured through metrics such as the number of investors participating in the campaign, the investor conversion rate (the ratio of investors to page visitors), and the average investment amount. Together, these measures reflect not only financial outcomes but also how investors perceive the attractiveness and credibility of the startup’s value proposition.

2.2.2. Signaling Theory in Equity Crowdfunding

Equity crowdfunding operates in environments characterized by substantial information asymmetry. Potential investors typically lack access to detailed financial statements, technical audits, or direct interaction with entrepreneurs. As a result, they must rely on indirect information when forming investment decisions.

Signaling theory, originally introduced by Spence (1973), provides a useful framework for understanding how actors communicate quality and credibility under conditions of asymmetric information. According to this theory, information holders convey signals such as narratives, credentials, visual elements, or communication style that allow others to infer otherwise unobservable characteristics. These signals play a fundamental role in trust formation and decision-making in markets where objective information is limited.

In equity crowdfunding, campaign descriptions, pitch videos, founder backgrounds, and the articulation of the value proposition itself function as key signals. The clarity, coherence, and perceived uniqueness of the value proposition help investors assess the startup’s differentiation, strategic vision, and professionalism.

3 Conceptual Foundations of Value

3.1. Introduction to the Conceptual Framework

This thesis examines the concept of value proposition uniqueness and its role in shaping financial success in equity crowdfunding campaigns. It explores how the distinctiveness of a firm's value proposition influences investor perceptions and funding outcomes in environments characterized by high information asymmetry. Beyond this core relationship, the thesis also considers two complementary dimensions, sustainability, and gender dynamics, that may strengthen, weaken, or reshape how value uniqueness is perceived by investors.

Accordingly, this chapter provides the conceptual foundation for the study by synthesizing key theoretical perspectives on value creation, value communication, and investor decision-making. It brings together insights from the literatures on value proposition design, sustainability-oriented business strategies, and crowdfunding to clarify how firms construct and communicate value in digital investment contexts. In doing so, the chapter highlights several important gaps in existing research, particularly the limited integration of value proposition uniqueness with financial outcomes, the underexplored mediating role of sustainability, and the insufficient attention paid to gender-related dynamics in financial ecosystems.

As equity crowdfunding platforms continue to grow in importance for early-stage ventures, understanding what makes a firm's offering stand out to individual investors becomes critical. As equity crowdfunding platforms become increasingly important for early-stage ventures, it is crucial to understand what distinguishes a company's offering to individual investors.

In this setting, uniqueness which is expressed through product innovation, brand positioning, or customer engagement can play a decisive role in shaping perceived value and, ultimately, campaign success. However, most of the existing literature continues to focus on structural or financial indicators of performance, paying comparatively less attention to how unique value propositions are strategically constructed and communicated.

Building on this gap, the thesis further examines sustainability and gender as intersecting factors that influence how value propositions are interpreted.

Sustainability, encompassing both environmental and social dimensions, is considered as a potential mediating mechanism that enhances credibility and legitimacy in the eyes of increasingly impact-conscious investors. At the same time, gender dynamics are examined as a perceptual filter that may shape investor responses to otherwise similar value propositions. Taken together, these perspectives allow the thesis to connect value strategy with equity crowdfunding outcomes in a more integrated way, highlighting how uniqueness, sustainability, and inclusion influence the transfer of value between firms and investors.

3.2. The Concept of Value

The concept of value has evolved significantly in the strategy and organizational literature, shifting from a narrow, transactional view toward a more relational and experiential understanding. Traditionally, value was considered an objective, exchange-based outcome, as rooted in classical economics by Adam Smith, where the emphasis was on the measurable trade-off between price and product quality (Zeithaml, 1988). This "value-in-exchange" logic dominated early business models, especially in B2C settings, where firms defined and delivered value unilaterally.

As markets became more complex and customer needs more heterogeneous, this view proved increasingly insufficient. Especially in B2B and service-oriented settings, scholars began to emphasize the idea of "value-in-use," where value is realized through usage, interaction, and context rather than at the point of transaction. From this perspective, value does not reside in the product itself but emerges through the customer's experience over time and is often co-created through ongoing relationships (Eggert, Ulaga, Frow, & Payne, 2018).

Eggert et al. (2018) conceptualize this evolution through a three-stage framework. In the first stage, value is defined as a basic price-quality exchange, reflecting the traditional transactional logic (Zeithaml, 1988). The second stage introduces relational value, where value arises from the supplier-customer relationship and includes elements such as knowledge sharing, support, and privileged access. In the third stage, value becomes experiential and co-created, shaped by customer perceptions, interactions, and situational contexts during use. This framework highlights how value progressively shifts from being firm-defined to being jointly constructed and subjectively experienced.

This relational understanding of value is further reinforced by Service-Dominant Logic (S-D logic), introduced by Vargo and Lusch (2004). S-D logic argues that value is

“always uniquely and phenomenologically determined by the beneficiary” (p. 7), emphasizing that value cannot be fully specified in advance by firms. Within this logic, value propositions are no longer static statements but rather invitations to engage in co-creation, requiring active participation from both suppliers and customers throughout the service journey.

From a strategic management perspective, the value proposition has increasingly been viewed as a core organizational capability rather than a simple marketing message. Lanning and Michaels (1988) introduced the concept of the “value delivery system,” highlighting that value creation depends on how firms align internal resources, processes, and organizational culture with customer needs. Building on this idea, Anderson, Narus, and Van Rossum (2006) identify three levels of value communication: offering all benefits, emphasizing favorable points of difference, and adopting a resonating focus that highlights the elements of value that matter most to the customer. This work underscores the importance of selectivity and relevance in communicating value.

Importantly, value must also be captured for firms to achieve sustainable performance. Lindgreen et al. (2012) argue that value creation alone is insufficient unless it translates into tangible outcomes such as revenue, customer loyalty, or reputational gains. Similarly, Salunke et al. (2016) emphasize that firms operating in service ecosystems must configure value creation and value capture mechanisms simultaneously, ensuring alignment with competitive and institutional conditions.

Recent work has also explored how value is linked to firm innovativeness and market performance. Dotzel, Shankar, and Berry (2013) found that service innovativeness such as creating unique service-based offerings, has a positive effect on firm value, especially for firms transitioning from goods to services. This supports the notion that value uniqueness is not only a theoretical concept but also a tangible driver of financial success, especially in equity crowdfunding contexts where firms must differentiate themselves to attract investors.

3.3. Customer-Oriented Value Theories

Over time, the way value is understood in firms has shifted away from firm-centered and purely transactional models toward more customer-oriented, relational, and experience-based perspectives. Rather than perceiving value as something created by

the firm and offered to passive clients, current concepts highlight the active role of customers in defining how value is created, experienced, and perceived.

A central contribution to this shift is Service-Dominant Logic (S-D Logic), which reconceptualizes value as a co-created outcome rather than a firm-generated output. According to this perspective, value is “uniquely and phenomenologically determined by the beneficiary” and emerges through ongoing interactions, resource integration, and mutual learning between firms and customers (Vargo & Lusch, 2004; 2008). Therefore, value is not rooted in the product itself, but in its use and meaning within a specific context which is an idea that strongly aligns with the value-in-use perspective. (Grönroos, 2011).

Building on this relational understanding, the Salesperson Customer Orientation (SOCO) framework developed by Saxe and Weitz (1982) introduces a behavioral dimension to value creation. SOCO distinguishes between sales-driven and customer-oriented approaches, emphasizing the importance of understanding customer needs and fostering long-term relationships rather than focusing on short-term sales outcomes. Customer-oriented behavior has been shown to enhance perceived relationship value, particularly in B2B and trust intensive settings where long term relationships play a critical role (Terho et al., 2012).

Further broadening this relational view of value, the Demand-Side Strategy perspective (Priem, Li & Carr, 2012) brings strategic attention to how firms can identify and fulfill latent or evolving customer needs by reconfiguring their offerings, business models, and innovation processes around demand-side insights. Unlike supply-driven models, this approach highlights how understanding customer contexts, aspirations, and usage environments can guide firms toward more differentiated and financially impactful value propositions.

When taken together, these theories represent a broader paradigmatic shift in value generation. Value is no longer viewed as static or embedded in products, but rather as dynamic, interactive, and deeply rooted in customer experience, relationships, and strategic alignment with market demand. This customer-oriented understanding of value provides a critical foundation for analyzing how value proposition uniqueness is constructed and communicated in contexts such as equity crowdfunding, where perception, trust, and relevance play a central role in investment decisions.

3.3.1. Service-Dominant Logic

Service-Dominant Logic (S-D Logic) is a theoretical framework that fundamentally redefines how value is created in economic exchange. Rather than viewing value as embedded in goods and transferred through transactions, S-D Logic argues that all economic activity is ultimately based on the exchange of services which is the application of skills, knowledge, and competencies for the benefit of another actor (Vargo & Lusch, 2004; 2008). Developed in the early twenty-first century, this perspective marked a clear departure from the traditional goods-dominant (G-D) logic that had long dominated marketing and strategy research (Kivak, 2023).

At the core of S-D Logic⁵, there is the idea that customers are active participants in value creation, rather than passive recipients of firm-produced outputs. Value, from this perspective, emerges through interaction and use, not at the point of exchange. Vargo and Lusch describe this shift through a set of fundamental principles that emphasize service as the foundation of exchange, the role of multiple players in co-creating value, and the significance of resource integration across social and economic systems. Most importantly, S-D Logic asserts that value is always “uniquely and phenomenologically determined by the beneficiary,” meaning that it is ultimately shaped by the customer’s experience, context, and interpretation rather than by the firm alone (Vargo & Lusch, 2004, p. 7).

This framework shifts the focus from value-in-exchange, where value is seen as embedded in products and realized at the moment of transaction, to value-in-use, where value emerges over time through customer experience and interaction. In this view, value is not fixed or objective, but contextual and relational. This shift has influenced how researchers understand value creation, especially in service-based and knowledge-intensive markets.

Building on this perspective, Eggert et al. (2018) describe a three-stage evolution of value creation: from basic exchange value to relational value developed through ongoing interactions, and finally to experiential value co-created during use. Their framework supports the idea that value is not contained in the product itself, but shaped by application, interaction, and perception. This is particularly relevant in contexts where offerings are complex or intangible, such as equity crowdfunding, where investors rely on signals and interpretations rather than direct usage experience

⁵ "What Is Service-Dominant Logic?" *IGI Global*, www.igi-global.com/dictionary/service-dominant-logic-sdl/39235. Accessed 30 Dec. 2017.

The conceptual model developed by Salunke, Weerawardena, and McColl-Kennedy (2011) further translates the principles of Service-Dominant Logic into an organizational setting. The authors identify three key capabilities⁶: episodic learning, client-focused learning, and knowledge integration capability. Together, these capabilities explain how firms continuously adapt, combine internal and external knowledge, and develop service innovations.

Client-focused learning reflects the firm's ability to understand evolving customer needs and adjust its offerings accordingly, reinforcing the S-D Logic view that value is co-created through interaction. Episodic learning captures the firm's capacity to learn from past experiences and apply this knowledge to future initiatives. Knowledge integration capability functions as the mechanism through which these learning processes are combined and transformed into innovation and competitive advantage.

Although originally developed in a service innovation context, this framework supports the broader argument that value is dynamic and interaction-based rather than embedded in products. In uncertain environments such as equity crowdfunding, where investors rely on signals rather than direct consumption experience, this interaction-based understanding of value becomes particularly relevant.

3.3.2. Salesperson Customer Orientation (SOCO)

Salesperson Customer Orientation (SOCO), as introduced by Saxe and Weitz (1982), differentiates between two distinct approaches to value creation in exchange relationships: sales orientation and customer orientation. A sales-oriented approach emphasizes short-term persuasion and transactional outcomes, whereas customer orientation values understanding stakeholder needs, supporting informed decision-making, and encouraging long-term relationships.

From a value perspective, SOCO shows that value arises not only from product attributes or persuasion, but also from interaction, communication, and trust. A customer-oriented approach leads firms to align offerings with stakeholder expectations, strengthening relevance and commitment. Thus, SOCO frames value proposition uniqueness as both a structural and a relational construct.

⁶ Salunke, S., Weerawardena, J., & McColl-Kennedy, J. R. (2011). The central role of knowledge integration capability in service innovation-based competitive strategy. *Industrial Marketing Management*, 40(8), 1244–1254. <https://doi.org/10.1016/j.indmarman.2011.10.007>

Empirical research further supports the value-creating role of customer orientation. Ravindran and Kalagnanam (2020) find that customer-oriented behaviors positively contribute to perceived value creation and relationship development in B2B settings, whereas a purely sales-driven approach may weaken relational outcomes. These findings reinforce the argument that long-term value emerges through trust-building and stakeholder alignment rather than through short-term persuasive strategies.⁷

Although SOCO was developed for traditional sales, its logic applies to equity crowdfunding. Here, entrepreneurs communicate value propositions, while investors evaluate opportunities with limited information. Since investors cannot directly experience the product or service, communication style and relational cues function as key signals. A customer-oriented approach, marked by transparency, clarity, and responsiveness to investor concerns, can enhance the perceived credibility and distinctiveness of a venture's value proposition.

Overall, SOCO contributes to the broader theoretical framework of this thesis by emphasizing that value creation depends not only on what is offered, but also on how it is communicated and interpreted within relational contexts. This perspective is particularly relevant for equity crowdfunding, where perception, trust, and narrative coherence play a central role in shaping financial outcomes.

3.3.3. Demand-Side Strategy

Demand-side strategy, introduced by Priem, Li, and Carr (2012), shifts the focus of strategy from internal resources to customer demand. Instead of starting from what firms can produce efficiently, this perspective begins with understanding customer needs, preferences, and expectations. Value is therefore created not only through innovation or operational efficiency, but through designing offerings that resonate with what customers truly value.

In this view, strategy formulation starts with demand. Firms are encouraged to align their business models with customer priorities rather than with internal cost structures alone. Differentiation emerges from addressing unmet or evolving needs and from communicating relevance effectively. Firms stand out not simply because they are technologically different, but because they make their value meaningful to their target audience.

⁷ Ravindran, S., & Kalagnanam, S. (2020). Does salesperson's customer orientation create value in B2B relationships? Empirical evidence from India. *Industrial Marketing Management*, 87, 107–120. <https://doi.org/10.1016/j.indmarman.2019.12.003>

This perspective complements Service-Dominant Logic by emphasizing that value is shaped through interaction and interpretation. Value propositions are not fixed statements; they are interpreted by stakeholders and gain meaning through context. This is particularly important in equity crowdfunding, where investors evaluate ventures without direct consumption experience. Under such conditions, perceived relevance, narrative clarity, and alignment with investor expectations become central. Demand-side strategy therefore reinforces a key argument of this thesis: financial success in equity crowdfunding depends not only on the objective characteristics of a venture, but on how effectively its value proposition connects with investor perceptions. By focusing on perceived value and stakeholder interpretation, this framework helps explain why uniqueness alone is insufficient unless it resonates with its intended audience.

3.4. Relationship Functions Theory and Value Creation

Relationship Functions Theory, originally introduced by Håkansson and Johanson (1993) and later developed by Walter, Ritter, and Gemünden (2001), provides a relational perspective on how value is created and sustained within exchange relationships. Rather than viewing value as the outcome of isolated transactions, the theory emphasizes that relationships perform specific functions that shape perceived value over time. Value therefore emerges not only from immediate exchanges, but also from the broader relational structure in which firms operate.

A central contribution of Walter et al. (2001) is the distinction between direct and indirect relationship functions. Direct functions are primarily operational and performance oriented. They include reliable delivery, consistent quality, stable payment conditions, and risk reduction mechanisms. Because these functions directly affect efficiency and short-term outcomes, their contribution to perceived value tends to be relatively linear: improvements in operational reliability generally enhance customer-perceived value.

In addition to operational reliability, pricing decisions can also be understood as part of the direct value realization process. Research shows that pricing strategies aligned with customer-perceived benefits positively influence new product performance and financial outcomes (Ingenbleek et al., 2010). From this perspective, value-informed

pricing translates perceived benefits into tangible financial results, reinforcing the link between relational value creation and firm performance.

In contrast, indirect relationship functions, focus on long-term strategic development. These include learning effects, innovation support, access to new networks, and opportunities for organizational adaptation (Walter et al., 2001). Unlike direct functions, their impact on perceived value is not strictly linear. While moderate levels of collaboration and knowledge sharing may enhance innovation and adaptability, excessive complexity or poorly coordinated cooperation can reduce perceived benefits and increase coordination costs.

Empirical research in innovation and sustainability contexts supports this dynamic. Studies on open eco-innovation networks show that collaborative initiatives initially foster collective value creation through knowledge sharing and joint problem-solving, but increasing coordination complexity and misaligned stakeholder incentives may hinder long-term value capture if governance structures remain unclear (Garcia, Wigger, & Rivas Hermann, 2021; Christensen et al., 2021). These findings illustrate that indirect relationship functions contribute to value when relational alignment and strategic clarity are maintained but may become inefficient when complexity exceeds manageable levels.

Within the context of this thesis, Relationship Functions Theory contributes an important insight: value creation is multi-dimensional and unfolds over time through both operational reliability and strategic collaboration. In equity crowdfunding environments, where investors evaluate ventures without direct operational experience, relational signals may substitute for observable performance. Campaign narratives that communicate organizational reliability, learning capability, and long-term strategic orientation may therefore enhance perceived value and legitimacy.

Overall, Relationship Functions Theory reinforces the broader argument that value is not static or purely transactional. It is shaped by ongoing interaction, coordination, and alignment between actors. This relational understanding supports the analysis of how value proposition uniqueness is constructed, communicated, and interpreted in environments characterized by uncertainty and information asymmetry, such as equity crowdfunding.

3.5. Quantitative and Qualitative Perspectives on Value based on Literature Review

Research on value creation and capture in firms draws on both quantitative and qualitative approaches, each offering a distinct lens on how value is understood and translated into competitive advantage. While quantitative studies tend to conceptualize value as a measurable outcome, qualitative research emphasizes value as a dynamic and relational process that evolves over time.

In quantitative research, value is typically operationalized through observable and measurable constructs such as customer satisfaction, perceived solution performance, or willingness to pay. Large-scale surveys are commonly used to assess how well firms' offerings meet customer expectations and how these perceptions translate into economic outcomes. Analytical techniques such as regression analysis, structural equation modeling (SEM), and configurational methods like fsQCA are employed to examine the relationship between firm practices and performance outcomes across contexts (e.g., Grönroos, 2011; Ulaga & Eggert, 2006).

Common quantitative indicators of value include customer-perceived value measured through multi-item scales capturing benefits, price fairness, or switching costs; behavioral outcomes such as loyalty, repeat purchase, or recommendation intention; and objective performance measures including sales growth, profitability, return on investment, market share, or firm valuation metrics such as Tobin's Q. Empirical studies in this stream typically rely on sample sizes ranging from approximately 200 to 1,500 observations. Reported regression coefficients often fall between 0.2 and 0.6, with explained variance frequently exceeding 40–50%. In configurational analyses, consistency scores above 0.8 are commonly interpreted as evidence of robust causal patterns (Fiss, 2011; Woodside, 2013).

On the other hand, value is considered in qualitative research as a dynamic process that develops over time through interactions between businesses, customers, and other stakeholders rather than as an established perception. They try to understand how businesses collaboratively define value, negotiate, and execute their value propositions through in-depth interviews and case studies. These studies provide details about issues that businesses moving from product sales to integrated service solutions experience, such as organizational resistance, incentive misalignment, or the inability to establish collaborative routines (Kohtamäki et al., 2013; Macdonald et al., 2011).

Qualitative research offers a unique depth in showing how contextual variations, cultural fit, and relationship quality influence the value creation process. Qualitative research helps us understand why and in what contexts certain practices are effective, while quantitative research reveals the circumstances under which these practices result in high performance on average. According to Eisenhardt (1989), “quantitative research focuses on testing relationships and generalizing results, while qualitative research helps explain why and how these relationships exist” (p. 534).⁸ This distinction is critical for managers. Quantitative findings allow firms to benchmark their performance against industry norms and guide resource allocation decisions, while qualitative information provides a deeper understanding of the impact of “relational dynamics” and “organizational processes” on value creation. Edmondson and McManus (2007) emphasize that these two methods are complementary rather than substitutes: “quantitative and qualitative approaches should not be viewed as substitutes but as complementary means to understand both variance and process” (p. 1160).⁹

Therefore, the literature reveals that the concept of value in firms is multidimensional and complex. Some studies limit value to measurable constructs, while others consider it a negotiated and co-created reality. Understanding both approaches is critical for firms to achieve financial success by demonstrating their uniqueness, especially in investor-based environments like crowdfunding. The combination of quantitative evidence and qualitative insights allows us to understand the causes and consequences of value creation more holistically in firms.

⁸ Eisenhardt, K. M. (1989). Building theories from case study research. *Academy of Management Review*, *14*(4), 532–550. <https://doi.org/10.5465/amr.1989.4308385>

⁹ Edmondson, A. C., & McManus, S. E. (2007). Methodological fit in management field research. *Academy of Management Review*, *32*(4), 1155–1179. <https://doi.org/10.5465/amr.2007.26586086>

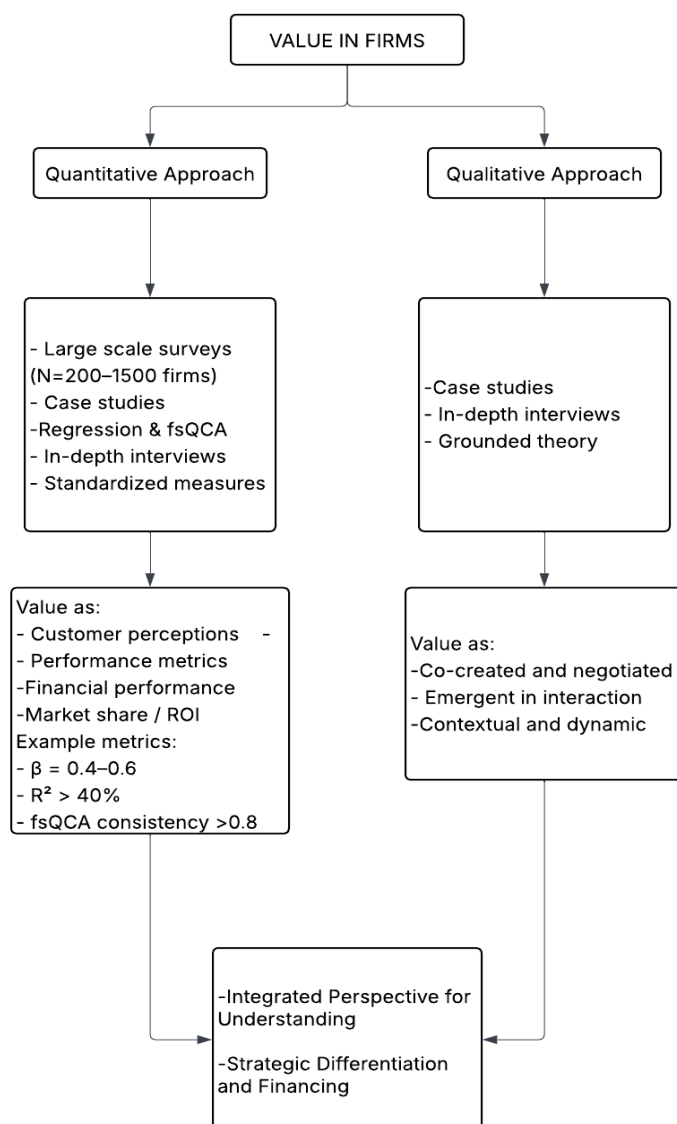


Figure 2: Quantitative and qualitative perspectives on value creation in firms. Source: Author's own elaboration based on Grönroos (2011), Ulaga & Eggert (2006), Eisenhardt (1989), and Edmondson & McManus (2007)

Figure 2 summarizes the complementary roles of quantitative and qualitative approaches in conceptualizing value in firms. While quantitative studies focus on measurable performance outcomes and generalizable patterns, qualitative research emphasizes the contextual, relational, and processual nature of value creation. Together, these perspectives provide an integrated framework for understanding how firms build and communicate value, particularly in settings characterized by uncertainty and information asymmetry, such as equity crowdfunding.

4 Theoretical Findings

4.1. Uniqueness of Value Proposition

In increasingly competitive and saturated markets, businesses aim not only to develop an effective positioning strategy but also to differentiate themselves in a way that is perceived as unique and valuable by stakeholders. The ability of a business to significantly differentiate itself from its competitors by providing a value proposition that is difficult to imitate is known as strategic distinctiveness. By emphasizing the offering's non-generic, non-substitutable, and strategically embedded components, it goes beyond basic differentiation.

Besides aiming to develop an effective positioning strategy, businesses also aim to differentiate themselves in a way that is perceived as valuable and unique by stakeholders in saturated and competitive markets.

Uniqueness represents a deeper level of distinctiveness, one that is built in the firm's identity, capabilities, and strategic vision, whereas differentiation frequently refers to any feature or capability that sets a firm apart, such as price, quality, or customer service. In this way, originality, skill, and long-term positioning are all indicated by uniqueness which makes it a signal for all these concepts.

This approach also aligns with the Optimal Distinctiveness Theory (Brewer, 1991). According to this theory, individuals and organizations seek an optimal balance between "standing out" (uniqueness) and "fitting in" (similarity). Applied to the business strategy, this theory argues that firms should develop value propositions that are innovative enough to attract attention, but familiar enough to be legitimate and relevant. Therefore, the real challenge lies in striking the right balance between differentiation and recognizability, and it is through this balance that strategic distinctiveness becomes a sustainable competitive advantage.

4.1.1. Sustainability / ESG as a Signaling Mechanism of Value Proposition Uniqueness

In recent years, sustainability has moved beyond being an ethical approach based on only environmental concerns. This concept became a strategic concern for companies across all sectors. While early discussions of sustainability were primarily centered on responsible resource use and environmental impact, the concept has

expanded to include social considerations, economic resilience, and the creation of long-term value for a broad set of stakeholders. Growing environmental challenges, stricter regulatory frameworks, shifting consumer expectations, and increased investor awareness have all contributed to placing sustainability at the core of strategic decision-making.

As a result, firms are no longer assessed only based on short-term financial performance. Increasingly, they are evaluated on how they create and sustain value not only for shareholders, but also for society and the environment. In this context, sustainability has become an important source of uniqueness. When integrated into the value proposition, it can enhance organizational legitimacy, support risk management, strengthen stakeholder trust, and contribute to long-term financial stability. Sustainability, therefore, operates not merely as a normative or ethical stance, but as a strategic asset in competitive and uncertain markets.

This signaling role becomes particularly important for startups and firms seeking external financing through alternative mechanisms such as equity crowdfunding. In such settings, sustainability-related elements embedded in the value proposition can serve as powerful signals for investors, who deal with high levels of information asymmetry. Contemporary investors increasingly favor business models that demonstrate long-term orientation, environmental responsibility, and social awareness, especially when traditional financial indicators are limited or difficult to assess.

However, the multidimensional nature of sustainability raises an important question: how can sustainability be systematically assessed and credibly communicated to external stakeholders? This challenge has directed attention toward formal reporting and governance frameworks that translate sustainability commitments into observable and comparable indicators. Within this context, ESG (Environmental, Social, and Governance) has emerged as a widely adopted framework for evaluating firms' sustainability performance. ESG metrics provide structured signals that reflect both the extent to which sustainability is embedded in a firm's strategic orientation and how effectively it is communicated to investors and other stakeholders. The following section therefore examines the conceptual foundations of ESG in more detail and discusses its role in shaping investor perception.

4.1.1.1. ESG as an Investor Signal

In recent years, the growing emphasis on sustainability has created a strong need for tools that can measure, standardize, and communicate firms' sustainability

performance in a clear and comparable way. In response to this need, the ESG (Environmental, Social, and Governance) framework has been rapidly adopted in corporate and investment contexts.

ESG provides a structured approach to assessing a firm's environmental impact (such as carbon emissions and waste management), social responsibility (including employee rights and social contributions), and governance quality (for example transparency, management structure, and ethical compliance). Through these dimensions, ESG indicators function as strategic metrics that signal whether firms are not only profit-driven, but also responsible, forward-looking, and capable of generating long-term value.

From an investor's perspective, ESG scores convey information that goes beyond current financial performance. They offer insights into a firm's ability to manage future risks, adapt to regulatory and societal pressures, and build trust with key stakeholders. In this sense, ESG practices operate as indirect but powerful signals of a company's vision, ethical orientation, and resilience in the face of uncertainty.

Empirical evidence supports this signaling role of ESG. A notable study by Ming et al. (2024) examines the relationship between five-year ESG performance and financial performance, measured by return on assets (ROA), for 57 leading companies in Malaysia using panel data analysis. The findings indicate that firms with higher ESG scores tend to achieve superior ROA outcomes. Moreover, companies that report in accordance with the Global Reporting Initiative (GRI) standards demonstrate additional advantages in terms of financial performance. These results suggest that ESG engagement is not merely symbolic or ethical in nature, but also associated with tangible financial benefits.

In this context, the empirical study conducted by Ming et al. (2024) is noteworthy. The study tested the relationship between the five-year ESG performance and financial performance (ROA: return on assets) of 57 leading companies in Malaysia using panel data.¹⁰ The findings show that companies with higher ESG scores achieve higher ROA rates, and companies reporting in accordance with the GRI (Global Reporting Initiative) standard also have an advantage in terms of financial success. This

demonstrates that ESG is not only an ethical practice but also a signal of trust, transparency, and strategic quality for investors¹¹.

Interpreted through the lens of signaling theory, the findings of Ming et al. (2024) reinforce the idea that ESG performance serves as a credibility signal for investors. High ESG scores, particularly when supported by standardized and transparent reporting practices, are perceived as indicators of corporate quality, governance strength, and strategic discipline. As the authors note, firms with strong ESG performance achieve higher ROA values, reflecting investors' confidence in their long-term stability and transparency (Ming et al., 2024, p. 491).

Accordingly, the role of sustainability in communicating the value proposition to investors, as examined in this thesis, is strongly supported by signaling theory. An ESG-oriented value proposition does not only reflect ethical commitments; it functions as a strategic signal that enhances investor trust, shapes positive perceptions of firm quality, and ultimately increases the likelihood of financial success in equity crowdfunding campaigns.

4.1.1.2. Limits of the Direct ESG–Financial Performance Link

Although sustainability and ESG practices are frequently associated with positive financial outcomes in the literature, empirical findings suggest that this relationship is not always direct or immediate. Several studies have found that the financial benefits of sustainability measures may take longer to appear or might occur through indirect channels rather than short-term performance indicators. A relevant example is provided by Pereira de Andrade Lima and Ferreira de Almeida (2025), who examine the financial implications of ESG engagement in the Brazilian context. Their study analyzes 149 companies listed on the B3 stock exchange and included in the ISE-B3 sustainability index, which is constructed based on environmental, social, and governance criteria (BM&FBOVESPA, 2012). The ISE-B3 index groups firms that demonstrate strong ESG performance and is widely regarded as a benchmark for corporate sustainability and responsible business practices. For investors, inclusion in this index typically functions as a reassuring signal of a firm's commitment to long-term sustainability.¹²

¹¹ Ming, M. L., Mohamed, N., & Abdul Rahman, M. R. (2024). *ESG integration and financial performance: Evidence from Malaysia's leading companies*. International Journal of Sustainable Economy and Management, 13(2), 111–130. <https://doi.org/10.4018/IJSEM.2024040106>

¹² BM&FBOVESPA. (2012). ISE - Corporate Sustainability Index: A practical guide. São Paulo: BM&FBOVESPA.

Using a two-stage instrumental variable regression model (IV-2SLS), the authors investigate whether ISE-B3 membership affects how firms distribute their generated value added (DAV) among different stakeholders, including employees, government, foreign capital, and shareholders. The results show that belonging to the ISE-B3 index does not have a statistically significant effect on these value distribution ratios. In other words, while ESG-oriented firms signal sustainability commitment through index inclusion, this signal does not automatically translate into measurable short-term financial redistribution outcomes.

From a signaling theory perspective, these findings highlight an important limitation. ESG certifications or index memberships may function as symbolic or reputational signals that communicate responsibility and legitimacy to external stakeholders, but their ability to generate immediate economic returns appears limited. The signal is visible and credible, but its financial impact is not necessarily reflected in short-term performance measures.

These results suggest that sustainability and ESG practices are more likely to influence financial outcomes through indirect or mediating mechanisms, such as enhanced legitimacy, reduced risk exposure, improved stakeholder relationships, or long-term strategic positioning, rather than through immediate financial gains. Consequently, ESG should not be interpreted as a direct shortcut to financial success, but rather as a strategic layer that shapes value creation over time. This perspective is particularly relevant in contexts like equity crowdfunding, where investor perceptions, trust, and long-term expectations play a fundamental role in funding decisions.

4.1.1.3. ESG as an Indirect / Mediating Mechanism

The mixed empirical evidence on the relationship between ESG practices and financial performance suggests that sustainability does not consistently translate into direct or immediate economic outcomes. While sustainability initiatives are widely recognized as strategically relevant, existing studies offer limited consensus on how these practices contribute to financial success when direct effects are weak or inconsistent.

This gap raises a central question for both research and practice: *If sustainability does not directly generate financial returns, through which mechanisms does its influence emerge?*

Building on this question, this thesis adopts the view that sustainability operates primarily as an indirect or mediating mechanism rather than as an autonomous driver of performance. ESG-related practices are expected to affect financial outcomes by

shaping investor perception, enhancing credibility, and reducing information asymmetry in uncertain investment environments.

This perspective is especially relevant in equity crowdfunding contexts, where investors often rely on limited, non-financial information. Here, sustainability-related signals can strengthen the perceived legitimacy and trustworthiness of a firm's value proposition, influencing how investment opportunities are evaluated rather than directly determining returns.

Accordingly, ESG is positioned in this thesis as an integral layer within the broader signaling framework of value proposition uniqueness. Rather than functioning as an isolated determinant of success, sustainability mediates the relationship between how value is communicated and how financial success is ultimately achieved.

4.1.1.4. Component-Based ESG Effects and Evidence of Mediation

The literature on ESG and firm value increasingly suggests that sustainability does not influence financial outcomes in a uniform or immediate way. Rather than producing direct economic returns, ESG practices often operate through more nuanced and context-dependent mechanisms. Several empirical studies illustrate this pattern clearly.

For instance, Pereira de Andrade Lima and Ferreira de Almeida (2025), in their analysis of firms listed in Brazil's ISE-B3 sustainability index, find no significant relationship between ESG performance and the distribution of value added to key stakeholders. Their results indicate that ESG engagement, while visible and symbolically important, does not automatically translate into short-term economic benefits. Instead, sustainability appears to function more as a long-term signal of commitment and responsibility than as a direct driver of value creation.

Similar conclusions emerge from research conducted in the Malaysian capital market. In this context, ESG practices are found to have a positive and statistically significant effect on firm value only through the social dimension, while environmental and governance components show no comparable impact. Moreover, this relationship is shaped by the presence and influence of institutional investors, suggesting that ESG effects depend not only on what firms do, but also on how these actions are interpreted by key market participants. (Ming et al., 2024)

Taken together, these findings point to a consistent pattern across different institutional settings. The relationship between ESG and firm value is neither direct nor homogeneous; instead, it varies across ESG components and is filtered through

investor perception and strategic context. This reinforces the central argument of this thesis: sustainability contributes to firm performance primarily through indirect, mediating mechanisms. When embedded in the value proposition, ESG elements act as signals that shape investor trust, reduce uncertainty, and enhance perceived legitimacy, rather than serving as immediate sources of financial returns.

4.1.2. Gender Dynamics as a Signaling Mechanism in the Communication of Value Proposition Uniqueness

In recent years, gender has emerged as an increasingly relevant but still underexplored factor shaping financial decision-making, investment behavior, and entrepreneurial outcomes. Beyond firm characteristics or business models, the way entrepreneurs communicate their value propositions to investors plays a critical role in how those propositions are perceived and evaluated. In this process, the identity of the entrepreneur, and particularly gender, can influence investor judgments.

Prior research show that even when female entrepreneurs present value propositions that are comparable to, or in some cases even stronger than, those of their male colleagues, they often face lower levels of investor trust, higher perceived risk, and reduced access to funding. These patterns suggest that investment decisions are not driven only by objective assessments of business quality, but are also shaped by gender norms, leadership stereotypes, and implicit biases embedded in financial markets.

From a signaling perspective, gender-related cues operate as part of the broader communication environment in which value propositions are interpreted. Elements such as the entrepreneur's name, profile image, communication tone, or presentation style can influence how investors assess credibility, professionalism, and growth potential. In this sense, gender functions not only as a demographic characteristic, but also as a perceptual signal that filters how the uniqueness and credibility of a value proposition are received.

Accordingly, gender dynamics do not determine value creation directly, but shape how value propositions are interpreted by investors. This section reviews the existing literature on gender in equity crowdfunding and entrepreneurial finance, focusing on how gender-related signals influence investor perception and, in turn, the effectiveness of value proposition communication.

4.1.2.1. Gender, Trust, and Investor Perception

Trust is a fundamental element in investment decision-making and plays a decisive role in how value propositions are interpreted and accepted by investors. In contexts characterized by uncertainty such as equity crowdfunding, investors often rely on subjective assessments in addition to objective information. Under these conditions, the personal characteristics of the entrepreneur can meaningfully shape investor perceptions, sometimes independently of the actual quality of the proposal. In investment environments, women entrepreneurs may be viewed as less reliable, less skilled, or riskier. Rather than being based on fair evaluations, these perceptions are frequently influenced by unconscious biases based on gender norms.

Female entrepreneurs are more frequently perceived as less credible, less competent, or riskier investment targets. Importantly, these perceptions are not necessarily grounded in differences in business quality, but are often driven by unconscious biases and deeply rooted gender stereotypes related to leadership and competence.

Empirical evidence supports this pattern. Duan et al. (2020) show that investor perceptions of credibility are influenced by gender-related cues, such as facial expressions and presentation style. Their study finds that “Females were rated as less trustworthy based on neutral facial expressions, regardless of pitch quality or business idea strength.” (Duan et al., 2020, p. 5).¹³ This suggests that evaluations of value propositions extend beyond numerical indicators and business fundamentals to include subtle social signals associated with the presenter.

Similarly, Courtney et al. (2017) find that female-led ventures on equity crowdfunding platforms attract significantly less investor interest, even when controlling for the quality and completeness of campaign content. As the authors note, “women-led projects were significantly less likely to receive funding, even when controlling for content quality” (Courtney et al., 2017, p. 15)¹⁴.

4.1.2.2. Research Gaps and Implications of Gender for Value Proposition Design

The literature reviewed above suggests that gender functions not only as a demographic characteristic, but as a social signal that shapes how investors interpret and evaluate a value proposition. Prior studies indicate that female entrepreneurs

¹³ Duan, W., Deng, S., Chen, X., & Jin, X. (2020). Entrepreneurs’ facial trustworthiness, gender, and crowdfunding success. *Journal of Business Research*, 109, 156–167.

<https://doi.org/10.1016/j.jbusres.2019.11.065>

¹⁴ Courtney, C., Dutta, S., & Li, Y. (2017). Resolving information asymmetry: Signaling, endorsement, and crowdfunding success. *Entrepreneurship Theory and Practice*, 41(2), 265–290. <https://doi.org/10.1111/etap.12233>

often present value propositions that are more complex or socially oriented; however, such communication styles may be interpreted by investors as signals of lower competitiveness or higher risk. This points to the importance of presentation style and contextual framing, alongside content quality, in shaping the link between value proposition uniqueness and financial success.

At the same time, much of the existing literature approaches the value proposition only indirectly, focusing primarily on overall campaign outcomes rather than on how specific attributes of the value proposition such as clarity, perceived uniqueness, or emphasis on social value are interpreted differently depending on the entrepreneur's gender. In addition, most empirical evidence is based on Anglo-American contexts, which limits our understanding of how gender-based signals may operate across different cultural and institutional settings.

Taken together, these gaps highlight the need for further empirical research on how female entrepreneurs design and communicate their value propositions, how investors interpret these signals, and which communication strategies may help mitigate gender-based biases. In line with the focus of this thesis on the transfer of value from entrepreneurs to investors, gender is conceptualized as a key signal shaping this process. Accordingly, value proposition design should not only reflect market needs and product benefits, but also consider how communication choices align with investors' conscious and unconscious perception patterns.

4.2. UVP in Equity Crowdfunding

In equity crowdfunding campaigns, investors' decision-making processes depend not only on quantitative indicators or the percentage of shares offered, but also on uniqueness of the value proposition offered. Small investors aren't usually able to research deeply and find potential investments. So to be successful in equity crowdfunding platform, both startups and mature companies need to signal their value to small investors. So these investors' decisions mainly depend on the limited and selective information provided by the entrepreneurs. In this context, the information on the campaign pages becomes "observable signals" that influence investor decisions. As a result, both early-stage ventures and more established firms must rely on signals to convey their quality and potential.

In this setting, the information presented on campaign pages including textual descriptions, visuals, and narrative framing, functions as a set of observable signals that help investors form judgments under conditions of high information asymmetry.

Ahlers et al. (2015) illustrate this mechanism through two contrasting case studies from the Crowdcube platform. The Rushmore Group, a London-based startup, successfully raised 100% of its £1 million target within just two weeks from 143 investors, while offering only 10% equity. In contrast, a comparable startup in the same period and sector, Meatballs, sought £300,000 in exchange for 25% equity but managed to raise only £4,750 after two months.

The stark difference between these outcomes cannot be explained by industry characteristics or equity terms alone. Instead, it highlights how investors respond to broader campaign signals, including the clarity of the value proposition, communication style, visual presentation, and strategic positioning. While The Rushmore Group articulated a coherent and differentiated value proposition, clearly defining its brand identity, target customers, and long-term vision. The Meatballs campaign lacked clarity and strategic focus. This comparison suggests that value proposition uniqueness operates as a powerful signal, communicating that a venture is not only different from its peers but also worthy of investment. Consequently, providing technical or financial information alone is insufficient; entrepreneurs must also present their value proposition in a way that is clear, consistent, and compelling.

This observation aligns with the fundamental question raised by Ahlers et al. (2015): *“Given different crowdfunding projects characterized by unobservable quality, which observable signals lead (small) investors to invest in certain projects, and not in others?”*¹⁵ Their framework identifies four primary signals influencing investor decisions: financial forecasts, the entrepreneur’s equity stake, risk disclosure practices, and the founder’s educational background. These elements serve as indirect indicators of commitment, competence, and credibility.

However, the signaling framework is not limited to these structural indicators. The way value is communicated, particularly the uniqueness and coherence of the value proposition, also functions as a critical signal. In this thesis, value proposition uniqueness is conceptualized as one such communicative signal, enabling investors to distinguish between competing campaigns and to assume a venture’s level of innovation, strategic clarity, and potential returns. In this sense, signaling theory provides a strong theoretical foundation for linking value proposition presentation to investor perception and campaign success.

¹⁵ Ahlers, G. K. C., Cumming, D., Günther, C., & Schweizer, D. (2015). Signaling in equity crowdfunding. *Entrepreneurship Theory and Practice*, 39(4), 955–980. <https://doi.org/10.1111/etap.12157>

Empirical support for this relationship is provided by Zhao and Piva (2024), who directly examine how the clarity and uniqueness of value propositions affect equity crowdfunding outcomes. Analyzing textual data from 350 campaigns using content analysis and natural language processing techniques, the authors model dimensions such as originality, clarity, and persuasiveness as independent variables. Their regression results show that campaigns with more distinctive and clearly articulated value propositions are significantly more likely to succeed ($p < 0.05$). These findings demonstrate that investors are guided not only by financial information but also by how value is framed and communicated. As such, value proposition uniqueness acts as an indirect signal of venture quality, fostering trust and shaping investment behavior.¹⁶

Importantly, signaling through uniqueness extends beyond language alone. Vismara (2016) shows that entrepreneurs' behavioral choices, particularly their equity retention, also influence investor perceptions. Analyzing 271 campaigns on Crowdcube, the study finds that higher founder ownership is interpreted as a strong trust signal, reflecting long-term commitment and confidence in the venture. From a signaling perspective, this suggests that a unique value proposition becomes more credible when it is supported by consistent entrepreneurial behavior.¹⁷

Taken together, these studies indicate that value proposition uniqueness is most effective when it is reinforced at both the communicative and structural levels. A distinctive narrative that is not aligned with the entrepreneur's actions risks losing credibility, while strong behavioral signals without a clear value proposition may fail to capture investor attention. Therefore, the success of a unique value proposition in equity crowdfunding depends not only on how value is articulated, but also on how closely it aligns with the entrepreneur's strategic decisions and demonstrated commitment. In this way, value proposition uniqueness emerges as a central signaling mechanism linking perception, trust, and financial success in equity crowdfunding contexts.

4.2.1. Empirical Evidence: ESG Signaling in Equity Crowdfunding

Although equity crowdfunding platforms are often perceived as primarily financially driven environments, recent empirical research indicates that

¹⁶ Zhao, Y., & Piva, M. M. (2024). *Determinants of crowdfunding success: The impact of project description and value proposition*.

¹⁷ Vismara, S. (2016). Equity retention and social network theory in equity crowdfunding. *Small Business Economics*, 46(4), 579–590.

sustainability-related signals increasingly influence how investors evaluate campaigns. In settings characterized by limited verified information and high uncertainty like equity crowdfunding, ESG-related disclosures serve as interpretative signals that shape investor perceptions of credibility, long-term orientation, and strategic significance.

Recent studies indicate that, sustainability-oriented ventures may benefit from enhanced legitimacy in crowdfunding contexts. For example, Vismara (2016; 2019) demonstrates that investors give positive reactions to signals that reduce perceived risk and indicate long-term commitment. While his studies primarily focus on founder behavior and ownership retention, the broader implication is that investors reward ventures that communicate stability, responsibility, and strategic discipline. Sustainability-related disclosures can operate within this signaling logic by reinforcing perceptions of long-term commitment.

Recent empirical evidence from the Italian equity crowdfunding market provides a more detailed understanding of how sustainability-related signals operate in practice. Gai et al. (2025) argue that sustainability-oriented ventures generally exhibit higher probabilities of campaign success compared to non-sustainable ones.¹⁸ However, this relationship is not unconditional. The results suggest that sustainability becomes more effective when supported by credible signals, such as the presence of professional investors or a coherent proponent profile. So, sustainability alone does not guarantee success rather, it strengthens campaign performance when embedded within a consistent and convincing strategic narrative. The study also highlights that the positive impact of sustainability increased during the COVID-19 period. This shows that broader societal contexts may amplify investor sensitivity to ESG-related themes. At the same time, the authors warn against superficial or symbolic uses of ESG language, noting that investors increasingly differentiate between actual sustainability integration and potential greenwashing practices. These findings reinforce the view adopted in this thesis. ESG does not operate as an automatic driver of financial success, but functions as a signal. Its effectiveness depends on contextual alignment and narrative coherence within the overall value proposition.

These findings suggest that ESG operates primarily at the level of perception formation. By embedding environmental, social, or governance-related elements into campaign narratives, ventures may reduce information asymmetry and signal ethical

¹⁸ Gai, L., Algeri, C., Ielasi, F., & Manganiello, M. (2025). Sustainability-oriented equity crowdfunding: The role of proponents, investors, and sustainable development. *Sustainability*, 17, 2188. <https://doi.org/10.3390/su17052188>

awareness, regulatory sensitivity, and long-term vision. Such signals can strengthen the perceived legitimacy of the venture, increasing the likelihood of attracting investors and potentially improving the probability of reaching funding targets.

At the same time, the relationship between ESG and financial success in crowdfunding is not uniformly positive. Evidence indicates that sustainability-related signals are most effective when they are integrated into a coherent and distinctive value proposition. When ESG communication appears superficial, symbolic, or disconnected from the core business model, it may fail to influence funding outcomes. So, sustainability does not function as an independent driver of financial success, but rather as a contextual signal that amplifies the credibility of an already well-articulated value proposition.

Taken together, empirical evidence suggests that ESG-related disclosures shape investor behavior in equity crowdfunding environments primarily by influencing participation, perceived legitimacy, and trust formation. Financial success appears to be indirectly affected through these perception-based mechanisms rather than through a direct causal link. Accordingly, sustainability strengthens the signaling power of value proposition uniqueness when strategically embedded within the overall campaign narrative (Vismara, 2016; 2019; Bonvino et al., 2025).

4.2.2. Empirical Evidence: Gender Signaling in Crowdfunding

Although crowdfunding platforms, which are promoted as an "egalitarian" way for investment and entrepreneurship, seem to be accessible to everyone, several empirical studies show that structural gender inequalities still exist in this environment. Several studies show that female entrepreneurs may experience lower funding probabilities even when campaign quality and business fundamentals are comparable to those of male counterparts. These disparities are often linked to investor perceptions related to confidence, technical skill, and risk taking ability.

For example, Greenberg and Mollick (2017), in their study on the Kickstarter platform, found that projects by female entrepreneurs are less funded, especially in male-dominated industries like technology. This implies that the value proposition is evaluated based on the entrepreneur's social identity rather than its objective content. "Female founders receive disproportionately less funding, particularly in male-

dominated categories such as technology or gaming.”(Greenberg & Mollick, 2017, p. 352)¹⁹

Similarly, Johnson et al. (2018) claimed that female entrepreneurs are tempted to give more information and details when looking for funding, but this extra detail may also be interpreted by investors as a "signal of distrust." “Female entrepreneurs tend to provide more detailed explanations in their crowdfunding campaigns, which paradoxically may signal lack of confidence to potential investors.”(Johnson et al., 2018, p. 825). ²⁰This conflict puts women entrepreneurs at risk of failing and necessitates greater persuasive effort.

Recent empirical evidence from the Italian equity crowdfunding market provides further insight into the role of gender in shaping participation dynamics. Bonvino, Bosio, and Giudici (2025), analyzing a comprehensive dataset of 671 successful campaigns across 32 platforms between 2014 and 2023, document a persistent gap in both female founders and female investor participation. Their results confirm that female investors are significantly more likely to invest in ventures with higher female founder representation, supporting homophily-based explanations in entrepreneurial finance. The study also finds weak but positive evidence that ESG-oriented campaigns attract a higher number of female investors, although sustainability does not significantly affect the total amount invested by women. “an ESG focus on the funded project is able to attract more women, although with no particular effect on the contribution of money” ²¹(Bonvino et al., 2025, p. 7). In addition, lower minimum investment thresholds are associated with higher female participation, whereas follow-on campaigns appear to be relatively more supported by male investors, in line with observed differences in risk attitudes. Overall, these results suggest that gender operates not only at the level of entrepreneurial identity but also as an investor-side interpretative filter that shapes how campaign signals, including sustainability-related elements, are received in equity crowdfunding environments.

Gender is not just a demographic distinction in this context; it is also a social signal that has a direct effect on how people view an entrepreneur's value proposition. Therefore, it is important to assess the difficulties faced by female entrepreneurs not

¹⁹ Greenberg, J., & Mollick, E. (2017). Activist choice homophily and the crowdfunding of female founders. *Administrative Science Quarterly*, 62(2), 341–374. <https://doi.org/10.1177/0001839216678847>

²⁰ Johnson, D., Stevenson, R. M., & Letwin, C. (2018). A woman’s place is in the... startup! Crowdfunder judgments, implicit bias, and the stereotype content model. *Journal of Business Venturing*, 33(6), 813–831. <https://doi.org/10.1016/j.jbusvent.2018.04.003>

²¹ Bonvino, C., Bosio, A. O., & Giudici, G. (2025). Gender disparity in the participation to equity crowdfunding campaigns. *Finance Research Letters*, 74, 106744.

just in terms of investment amounts but also in terms of the value proposition's legitimacy and credibility.

4.3. Differentiation Strategies in Value Propositions

In today's highly competitive markets with increasing product/service diversity, companies need to differentiate their value proposition significantly from their competitors to gain a sustainable competitive advantage. Differentiation is the process of a product or service standing out from other similar offerings in the market with a perceptible and valuable difference. This difference can show itself in various dimensions such as product features, design, customer experience, service model, technological infrastructure, or brand perception.

In strategic business literature, differentiation is generally discussed within the framework of Porter's competitive strategies (Porter, 1985). According to Porter, firms compete either through cost leadership or through a differentiation strategy. A differentiation strategy aims to reduce price sensitivity and increase loyalty by offering higher value to customers. This approach, especially in highly saturated markets, is critical for brands to stand out.

However, differentiation doesn't always mean "uniqueness." A product may differ in certain aspects, but this difference can easily be copied or may not be meaningful to customers. Therefore, the effectiveness of differentiation strategies depends not only on providing a technical distinction but also on ensuring that this difference aligns with perceived value. While differentiation strategies explain how firms attempt to stand out in competitive markets, they do not fully capture the deeper strategic logic of value proposition uniqueness, which is embedded in firm identity, capabilities, and long-term positioning.

Differentiation is not limited to a single dimension. It is a multi-layered strategy. In the literature, methods used by firms to differentiate their value propositions are generally examined in four main categories: product differentiation, service differentiation, brand-based differentiation, and customer experience-based differentiation.

Product differentiation is achieved through elements such as the product's functional features, quality, design, technological innovation, or ease of use (Kotler & Keller, 2016). This approach is particularly prominent in technology companies and hardware-focused sectors.

Service differentiation is the structuring of elements such as after-sales support, delivery speed, personalized solutions, or technical assistance in a way that creates value for the customer (Zeithaml et al., 1990). This type of differentiation is of strategic importance in B2B relationships and high value-added service sectors.

Brand differentiation is built upon a company's identity, image, and perception in the market. Brand strength is one of the most effective ways to differentiate oneself from competitors in the minds of consumers (Aaker, 1991). This strategy is particularly important for consumer brands aiming to establish emotional connections.

Differentiation through customer experience means designing every point of contact between the customer and the product or service to create a positive and unique experience (Pine & Gilmore, 1998). This approach is important for building loyalty and triggering word-of-mouth.

These differentiation strategies are the foundation of a strong value proposition and are frequently used in combination. These distinctions must, however, be noticeable and meaningful to the customer. Otherwise, differentiation doesn't produce a strategic advantage and stays just technical.

Beyond product and service attributes, differentiation in value propositions is also shaped by firms' strategic orientations, customer relationships, sustainability initiatives, and internal competencies. Building on this broader view, the following sections examine three key differentiation mechanisms highlighted in the literature: (i) service and relationship-based differentiation, (ii) sustainability-driven differentiation, and (iii) differentiation through innovation and internal resources. Each of these mechanisms generates distinct signals that shape customer perceptions and investor confidence, which provides the groundwork for strategic distinctiveness.

4.3.1. Service and Relationship-Based Differentiation

The customer relationship and the quality of service that a firm offer is one of the most fundamental ways to differentiate in value propositions. This strategy becomes even more crucial in business-to-business (B2B) markets, where customer perception is determined by relationships based on trust and service performance rather than product features. According to the literature, this kind of differentiation creates lasting relationships and improves customer loyalty.

According to this viewpoint, Ulaga and Eggert's empirical study, "Value-Based Differentiation in Business Relationships" (2006), ²²shows that customer-perceived value is strongly related to aspects like delivery reliability, customer service, and personal interaction in addition to technical product features. The authors claim that relationship management should be used by businesses looking for "key supplier status" as a tool for strategic differentiation. According to Ulaga and Eggert (2006), this finding shows that startups or ventures looking for funding may differentiate themselves not only by the product they offer but also by the way they communicate with investors and strive to acquire their trust.

Similarly, the study "The Value Concept and Relationship Marketing"²³ (1996) by Ravald and Grönroos shows how relationship management influences the customer's perception of value. The authors assess value using relationship-based factors like trust, dedication, and long-term cooperation in addition to economic exchange. The study's "relationship value model" shows that establishing emotional trust is an essential component of differentiation in the customer's perceptual world, which goes beyond service. These kinds of relationship-oriented differentiation are crucial signals for gaining trust of investors, particularly in digital investment environments with high information asymmetry (Ravald & Grönroos, 1996).

These findings are supported in another study of Chenet et al. (2010) "Service quality, trust, commitment and service differentiation in business relationships" ²⁴The authors look at the dynamic relationship between customer loyalty, trust, and service quality, showing how these factors contribute to differentiation. According to the study, customer loyalty is impacted by service quality because it builds trust, which in turn promotes service differentiation. Put differently, in this situation, service-based differentiation serves as a complete mediator. This study's detailed set of hypotheses explains how service quality and relationship management lead to differentiation in value propositions, through the chain of relationships. The model's most notable conclusion is that service differentiation acts as a mediator. In other words, rather than directly fostering commitment, service quality first creates the impression of differentiation, which then reinforces commitment and behavioral intentions. This illustrates how service-oriented businesses and startups can gain the trust of investors

²² Ulaga, W., & Eggert, A. (2006). Value-based differentiation in business relationships: Gaining and sustaining key supplier status. *Journal of Marketing*, 70(1), 119–136. <https://doi.org/10.1509/jmkg.70.1.119>

²³ Ravald, A., & Grönroos, C. (1996). The value concept and relationship marketing. *European Journal of Marketing*, 30(2), 19–30. <https://doi.org/10.1108/03090569610106626>

²⁴ Chenet, P., Danaher, T.S., & O'Sullivan, D. (2010). *Service quality, trust, commitment and service differentiation in business relationships*. *Journal of Services Marketing*, 24(5), 336–346. <https://doi.org/10.1108/08876041011060440>

through both their operational performance and the unique services they provide. Therefore, differentiation in trust and service stands out as a strong signal in investment environments with high information asymmetry.

In the study “Service-based differentiation strategies for business incubators: Exploring external and internal alignment”²⁵, Vanderstraeten and Matthyssens (2012) investigate how business incubators create service-based differentiation strategies by matching internal organizational capabilities to external customer expectations. Their research shows that, depending on the strategic situation, both expert and generalist service models can effectively contribute to distinctiveness.

Specifically, the authors demonstrate that incubators that take a specialized approach differentiate themselves through sector-specific knowledge and targeted networks, whereas generalist incubators differentiate themselves by providing comprehensive operational and administrative support. This conclusion is significant since it challenges the idea that specialization is the only feasible path to differentiation, instead emphasizing the significance of strategy alignment and contextual flexibility.

The study makes a vital improvement by distinguishing between services that truly differentiate themselves and those that only serve as main requirements to avoid failure. This distinction implies that start-ups and entrepreneurial organizations should carefully analyze and prioritize their service offerings based on their true value generating potential.

In addition, the study underlines the need of strategic positioning being continuously matched with internal organizational structures such as personnel expertise, service configuration, and selection processes in order to achieve long-term service differentiation. In this sense, the alignment of internal resources and external value propositions becomes a critical factor in long-term differentiation success.

Finally, Hutchinson et al. (2011) investigated the effect of variables such as relationship value, trust, and customer satisfaction on behavioral intentions (such as investor loyalty, reinvestment) and discovered that these features are critical in value-based differentiation in the study “*Refining value-based differentiation in business relationships: A study of the higher order relationship building blocks that influence behavioural*

²⁵ Vanderstraeten, J., & Matthyssens, P. (2012). *Service-based differentiation strategies for business incubators: Exploring external and internal alignment*. *Technovation*, 32(12), 656–670. <https://doi.org/10.1016/j.technovation.2012.09.002>

intentions."²⁶ The concept of "relationship quality" is particularly useful for assessing companies' ability to develop long-term partnerships with investors. Just like Chenet et al. (2010), Hutchinson et al. (2011) also highlight the direct relationship between trust and differentiation, and its impact on customer loyalty. The study indicates that trust in service providers also works as a factor of differentiation within the context of inter-firm relationships, thus determining long-term consumer loyalty and referral behavior. These findings are particularly useful for understanding how differentiation is linked to perceived loyalty, especially in crowdfunding situations where information asymmetry is significant.

This study examines two different methodologies in the literature (Spiteri & Dion, Morgan & Hunt vs. Ulaga & Eggert) to highlight the distinct effects of "relationship value" and "relationship quality" on consumer behavior. Hutchinson et al. (2011) argue that difference in the context of relationship management should be examined not just through customer perceived value (RV), but also through relationship quality. The study discovered that relationship value (RV) has a considerable but limited impact on consumer behavior, whereas relationship quality (RQ) is a significantly stronger predictor. This demonstrates that, especially for companies looking for financial support, not only tangible advantages but also intangible elements such as trust, dedication, and consistency are crucial for strategic differentiation. (Hutchinson et al.). In this context, relationship management and service quality can be viewed as firm-specific strategies that give differentiation more depth and legitimacy, especially in B2B and investment-driven environments with high information asymmetry.

4.3.2. Sustainability and Environmental Differentiation

In today's highly competitive business environment, companies are striving to gain a competitive advantage by differentiating themselves not only in terms of products or services, but also in the areas of environmental and social responsibility. Environmental sustainability, has gained strategic value in terms of both regulatory compliance and meeting consumer and investor expectations. According to this perspective, firms' strategic positioning is strengthened by sustainability-based differentiation since it enables them to show distinctive and challenging commitments that improve investor perception and market legitimacy.

²⁶ Hutchinson, D., Wellington, W. J., Saad, M., & Cox, P. (2011). *Refining value-based differentiation in business relationships: A study of the higher order relationship building blocks that influence behavioural intentions*. *Industrial Marketing Management*, 40(3), 465–478. <https://doi.org/10.1016/j.indmarman.2010.08.010>

Sustainability-focused differentiation means that companies use practices aimed at reducing their environmental impact (e.g., reducing carbon emissions, waste management, using renewable energy, etc.) as a strategic positioning tool. This approach is seen not only as an “ethical responsibility” but also as a mechanism for generating market advantage and investor signaling.

In the literature, Hull and Rothenberg (2008) investigated how the financial performance of companies varies according to the level of differentiation. The authors demonstrate that firms that pursue a differentiation strategy, in particular, can portray their environmental awareness as a strategic advantage. According to the research, when sustainability and innovation are implemented together, they create a stronger signaling effect in consumer perception, which increases investor confidence. Especially in investment environments with high information asymmetry, such as equity crowdfunding, environmental commitments are perceived not only as an indicator of corporate responsibility but also as a sign of long-term vision and credibility which creates value. In this context, environmental sustainability practices can be considered as strategic differentiation tools, enabling companies to create both a competitive advantage and investor appeal in their value propositions. Authors show that companies that take a proactive approach to environmental sustainability gain advantages not only in environmental performance but also in reputation management and product differentiation. In this context, environmental awareness is considered not only a legal obligation but also a strategic opportunity and creates a differentiating advantage. “Firms adopting a proactive environmental strategy are more likely to benefit from their investments, not only through improved environmental performance, but also through reputational advantages and product differentiation... Proactive firms treat environmental sustainability as a strategic opportunity rather than a compliance issue.” (Hull & Rothenberg, 2008, p. 59)²⁷

Environmental sustainability is not only a corporate responsibility but also a strategic differentiation tool that provides a competitive advantage. This perspective is consistent with the “Porter Hypothesis” put forward by Porter and van der Linde (1995), as supported by Hull & Rothenberg (2008). According to this hypothesis, environmental regulations create an opportunity that triggers innovation, rather than being a cost for firms. It is mentioned that “Well-designed environmental regulations can trigger innovation that may partially or more than fully offset the costs of

²⁷ Hull, C. E., & Rothenberg, S. (2008). *Firm Performance: The Interactions of Corporate Social Performance with Innovation and Industry Differentiation*. *Strategic Management Journal*, 29(7), 781–789. <https://doi.org/10.1002/smj.675>

complying with these regulations.” (Porter & van der Linde, 1995, p. 98). In platforms like equity crowdfunding, startups highlighting both their sustainability and innovation capabilities serve as a compelling signal for investors. This makes differentiation not only an ethical but also a strategic element.

Similarly, Reinhardt (1998) argues that environmental product differentiation can earn firms a price premium under certain conditions. In this context, three key conditions become important for investors to perceive environmental differentiation: users’ willingness to pay for environmental benefits, transparent information ((being free from suspicion of greenwashing), and the existence of barriers (e.g., patents, brand reputation) that prevent the imitation of these environmental features. The study emphasizes that environmentally superior products can only generate a price premium and become a differentiation strategy when these three factors are met. In equity crowdfunding environments, these three elements make the value propositions of startups a powerful signaling tool. “Environmental product differentiation enables firms to charge price premiums, provided that customers value the environmental attributes and barriers to imitation exist.”²⁸(Reinhardt, 1998, p. 45).

This perspective directly aligns with the concepts of ESG-based signaling and value proposition uniqueness discussed in this thesis. Especially in investment environments with high information asymmetry, such as equity crowdfunding, startups seeking to gain investor trust can integrate their environmental differentiation strategies with these three elements to offer a stronger and more convincing value proposition.

Ren et al. (2024) examine the relationship between firms' differentiation strategies and ESG (Environmental, Social, Governance) practices within the framework of Resource-Based View (RBV) and Behavioral Theory of the Firm. Based on a large dataset of Chinese publicly traded companies from 2011–2020, the study shows that firms pursuing a high degree of differentiation engage in higher levels of ESG activities. The study finds two important moderators which are historical performance gaps and social performance deficiencies. Ren et al. (2024, p. 736) mention that “differentiation strategy is a key driver of ESG engagement,” especially when firms attempt to recover from past performance deficiencies. “Differentiation strategies are positively associated with firms’ ESG involvement, particularly when firms experience historical

²⁸ Reinhardt, F. L. (1998). Environmental product differentiation: Implications for corporate strategy. *California Management Review*, 40(4), 43–74.

performance shortfalls that prompt strategic adaptation”²⁹(Ren, Zeng, & Zhong, 2024, p. 736). The connection between differentiation strategy and ESG is strengthened if a company has not met its prior financial goals and the company's orientation toward ESG weakens if it is perceived as socially weak. These results show that ESG is a strategic tool in addition to being associated with ethics and corporate reputation. Startups pursuing a differentiation strategy in investment environments with high information asymmetry, like equity crowdfunding, discover that supporting this strategy with historical learning and recovery signals increases the credibility and efficiency of their ESG communication.

4.3.3. Differentiation Through Innovation and Internal Resources

Strategic differentiation through innovation and the efficient use of internal resources represents one of the main mechanisms that firms achieve strategic distinctiveness in their value propositions. Innovation based differentiation is based on company focused know-how and organizational routines rather than in superficial features that can be easily imitated by competitors. From this perspective, innovation should not be understood only as a source of uniqueness. Instead, it applies as a strategic mechanism that enables firms to transform uniqueness into sustainable differentiation and long-term competitive advantage.

In terms of strategic differentiation, innovation operates in the intersection of uniqueness and differentiation. Unique internal resources, such as internal know-how, expertise, technology capabilities, or organizational culture, enable firms to develop value propositions that are not just "different" but also significant and beneficial to stakeholders. When these resources are effectively leveraged through innovation, firms move beyond isolated product features. Instead, they are able to offer more comprehensive value propositions that also encompass services, processes and stakeholder relationships. This alignment enables natural abilities to be translated into differentiation perceived in the market.

Existing research suggests that innovation-based differentiation provides firms important advantages in terms of both value creation and capture. Through innovation, firms can realign their resources, increasing internal strategic flexibility,

²⁹ Ren, G., Zeng, P., & Zhong, X. (2024). Differentiation strategies and firms' environmental, social and governance: The different moderating effects of historical and social performance shortfalls. *Corporate Social Responsibility and Environmental Management*, 31(1), 719–740. <https://doi.org/10.1002/csr.2597>

efficiency, and adaptability in the long run. From an external perspective, innovation also functions as a strong signal of a firm's growth potential and long-term strategic orientation. As a result, innovation-led differentiation becomes particularly critical in entrepreneurial and investment contexts characterized by high levels of information asymmetry, as it improves investor perceptions and helps reduce perceived risk.

At the same time, innovation does not automatically translate into competitive advantage. For differentiation to be sustainable, internal resources must be valuable, rare, and difficult to replicate. This highlights the importance of strategic alignment between innovation and organizational capabilities. Firms that place innovation at the core of their value proposition are therefore more likely to achieve long-term strategic differentiation, rather than relying on short-term differentiation tactics. In this sense, internal resource-based innovation and differentiation can be seen as key strategic elements that enable firms to convert uniqueness into defensible market positions and improved financial performance.

This type of differentiation is closely related to the Resource-Based View (RBV), which argues a firm's unique and irreplaceable resources provide a sustainable competitive advantage. (Barney, 1991). From this perspective, innovation-driven differentiation should not be understood only as the outcome of technological improvement, but rather how organizations use and integrate internal resources in ways that competitors find challenging to imitate.

Sun and Pan's (2011) research, "Differentiation strategy, high-performance human resource practices, and firm performance: Moderation by employee commitment,"³⁰ is also relevant to this hypothesis. According to the authors, internal resource-based innovation and differentiation are more than just technological or structural factors; human resource practices and employee dedication are also important components of this process. According to the study, Their findings indicate that differentiation strategies affect firm performance indirectly through internal human resource practices, and that this relationship is strengthened when employee commitment is high. In this sense, innovation-based differentiation is driven not only by firm-specific technical knowledge and capabilities, but also by human capital that enables these capabilities to be effectively translated into organizational outcomes. Overall these findings suggest that differentiation contributes to performance primarily through

³⁰ Sun, L.-Y., & Pan, W. (2011). Differentiation strategy, high-performance human resource practices, and firm performance: Moderation by employee commitment. *The International Journal of Human Resource Management*, 22(15), 3068–3079. <https://doi.org/10.1080/09585192.2011.560860>

internal mechanisms such as employee commitment and human resource practices which reinforce the core assumptions of the resource-based view.

While RBV is effective in explaining the sources of competitive advantage, it offers a relatively static perspective. To address this limitation, the dynamic capabilities approach emphasizes organizations' ability to integrate, reorganize, and transform their internal and external resources in response to changing environmental conditions (Teece, Pisano, & Shuen, 1997; Teece, 2007). From this perspective, innovation is understood as a continuous process that changes in accordance with previous experiences, rather than a one time outcome. Accordingly, innovation-driven differentiation depends not only on resource ownership, but also on firms' capacity to continuously adapt and reconfigure those resources into evolving value propositions. In their research, "Disentangling the relationship between business model, absorptive capacity, differentiation strategy, and performance."³¹ Gerdoçi et al. (2023) examine the relationships between absorptive capacity, new business model design, differentiation strategy, and firm performance in transition economy. Their findings show that absorptive capacity facilitates the development of new business models, which in turn enhances firm performance innovation contributes to strategic distinctiveness by differentiating not only products or technologies, but also business models and organizational structures. These results indicate that innovation based on fundamental capabilities provides a multi-layered value creation mechanism that extends beyond traditional forms of differentiation.

Empirical studies examining the performance effects of innovation-based differentiation consistently show that technological differentiation can provide firms with a strategic competitive advantage. Arts, Cassiman, and Hou (2023) in their study "Position and Differentiation of Firms in Technology Space"³² analyze the semantic content of firms' patent portfolios to map their technological positions relative to competitors. Their findings indicate that firms with higher levels of technological differentiation achieve superior performance, particularly in R&D-intensive and highly competitive industries. Importantly, the study also shows that technological differentiation supports firms' ability to distinguish themselves in product markets while limiting knowledge spillovers to competitors. These results suggest that

³¹ Gerdoçi, B., Busho, N., Lena, D., & Cucculelli, M. (2023). Disentangling the relationship between business model, absorptive capacity, differentiation strategy and performance: Evidence from a transition economy. *European Journal of Innovation Management*, 26(7), 385–414. <https://doi.org/10.1108/EJIM-10-2022-0596>

³² Arts, S., Cassiman, B., & Hou, J. (2023). **Position and differentiation of firms in technology space.** *Management Science*, 69(12), 7253–7265. <https://doi.org/10.1287/mnsc.2023.00282>

innovation-based differentiation functions not only as an internal capability, but also as a visible and measurable form of strategic positioning.

In addition to these, company performance and innovation based differentiation are strongly linked according to Hull and Rothenberg (2008). Their results indicate that innovation strengthens the performance effects of differentiation strategies by enhancing firms' value creation and value capture capacities. Firms pursuing differentiation strategies therefore benefit more from innovation investments than those competing primarily on cost, reinforcing the strategic role of innovation-based differentiation in achieving superior financial outcomes.

In entrepreneurial finance contexts characterized by high levels of information asymmetry, such as equity crowdfunding platforms, innovation-based differentiation serves an additional signaling function. By making firms' learning potential, internal strengths, and long-term strategic orientation more visible, innovation reduces investor uncertainty and enhances firm credibility. In this context, innovation-based differentiation operates not only as a source of competitive advantage, but also as a strategic signal that strengthens investor confidence and facilitates access to external financing (Ahlers et al., 2015; Spence, 1973).

Taken together, the discussion above highlights how innovation and internal resources shape firms' ability to achieve sustainable differentiation together. Rather than relying on isolated technological advances, firms create value by embedding innovation within human capital, organizational capabilities, and business model configurations. These internal mechanisms support both value creation and value capture, while enabling firms to maintain defensible positions in competitive environments.

4.4. Strategic Distinctiveness

Strategic distinctiveness is an integrative outcome. It is not possible to reach strategic distinctiveness automatically by just being different only by possessing unique internal characteristics. Rather, it emerges when firm-specific uniqueness is successfully translated into market-relevant differentiation in a way that is both apparent to stakeholders and difficult for competitors to imitate.

In this view, strategic distinctiveness functions as an umbrella concept that integrates internal firm-specific sources of uniqueness with externally perceived differentiation. Firms may have unique resources or capabilities, but still may fail to achieve strategic distinctiveness if these qualities are not effectively recognized or valued by relevant

audiences. Similarly, differentiation that lacks a unique and defensible foundation may increase visibility in the short term but remains vulnerable to imitation and competition

Building on this logic, strategic distinctiveness can be conceptualized as a balanced integration of uniqueness and differentiation, rather than as a linear extension of either concept. Drawing on the optimal distinctiveness perspective, it examines how firms navigate the tension between standing out and fitting in, and how this balance influences legitimacy, stakeholder perceptions, and performance outcomes. By bringing together insights from the literature, a structured framework can be developed to clarify when and how strategic distinctiveness can function as a sustainable source of competitive advantage, particularly in entrepreneurial and investment-driven settings such as equity crowdfunding.

4.4.1. From Differentiation to Strategic Distinctiveness

Differentiation has traditionally been viewed as a central strategic approach through which firms attempt to set themselves apart from competitors. By introducing products, services, or experiences that depart from established market norms, firms seek to gain attention and limit direct comparisons. However, more recent studies suggest that differentiation on its own is not sufficient to secure a lasting strategic advantage. Although differentiation can increase visibility, it only contributes to strategic distinctiveness when it is rooted in firm-specific sources of uniqueness and recognized as meaningful by relevant stakeholders.

Empirical studies show that differentiation varies substantially in its strategic effectiveness depending on its depth, source, and social context. For instance, Banerjee et al. (2023) demonstrate that product distinctiveness is inherently relational, raising the question of *distinctive from what and for whom* in their study “Distinctive from What? And for Whom?” Deep Learning-Based Product Distinctiveness, Social Structure, and Third-Party Certifications”³³ Their findings suggest that differentiation only contributes to favorable outcomes when it is recognized and validated by external audiences, such as certifying bodies or market intermediaries. Importantly, the study also shows that distinctiveness is rewarded only up to a point, highlighting the tension between standing out and maintaining legitimacy. Similarly, Janisch and Vossen (2022) show that firm-level distinctiveness may enhance performance in some product categories while increasing penalties in others, indicating that differentiation can

³³ Banerjee, S., Kim, E., & Jensen, M. (2023). Distinctive from what? And for whom? Deep learning-based product distinctiveness, social structure, and third-party certifications. *Organization Science*, 34(6), 1–23.

produce both benefits and risks depending on contextual conditions. Building on this view, Janisch and Vossen (2022) in their study “Categorically right? How firm-level distinctiveness affects performance across product categories”³⁴ show that being distinctive does not lead to the same performance outcomes in all settings. Using longitudinal data from a consumer goods marketplace, they find that firm-level distinctiveness is more effective in product categories that are already clearly differentiated from others, such as categories with well-defined boundaries and identities. In contrast, in categories that are closely related and highly comparable, distinctiveness tends to generate limited or no performance benefits, as products are evaluated against similar alternatives. This suggests that the value of strategic distinctiveness depends not only on the firm itself, but also on the category context in which it operates.

The conditional nature of differentiation is also evident in research on firms’ motivation and ability to pursue distinctiveness. Durand and Haans (2022) in their study “Organizational motivation, ability, and the pursuit of optimal distinctiveness.”³⁵ point out that firms differ not only in their desire to stand out, but also in their ability to do so in a way that remains legitimate and understandable to relevant audiences. When differentiation exceeds audience expectations or falls outside established category boundaries, it may weaken legitimacy rather than strengthen competitive positioning, as products or organizations become difficult to classify and evaluate. As a result, differentiation tends to be most effective when it aligns with audience expectations and existing reference points, allowing firms to stand out while remaining comprehensible and credible. Taken together, these findings suggest that difference is not valuable on its own, rather, the strategic effects of differentiation depend on how it is shaped, communicated, and perceived.

These findings align with the optimal distinctiveness perspective, which highlights the ongoing tension between standing out and fitting in. Firms must differentiate enough to avoid conformity, yet remain sufficiently aligned with category norms to preserve legitimacy and reduce uncertainty. Excessive differentiation may increase perceived risk or confusion, while insufficient differentiation may result in invisibility. Consequently, differentiation represents a necessary but insufficient condition for achieving strategic distinctiveness.

³⁴ Janisch, J., & Vossen, G. (2022). Firm-level distinctiveness and product performance across categories. *Organization Studies*, 43(9), 1371–1395. <https://doi.org/10.1177/01708406211068454>

³⁵ Durand, R., & Haans, R. F. J. (2022). Organizational motivation, ability, and the pursuit of optimal distinctiveness. *Strategic Management Journal*, 43(12), 2597–2625. <https://doi.org/10.1002/smj.3401>

From this perspective, strategic distinctiveness depends on how firms use differentiation, rather than on differentiation for its own sake. It shows how a firm's unique characteristics are turned into signals that external audiences can understand and value. Differentiation should therefore not be treated as a goal in itself, but as a tool whose effect depends on the firm's underlying uniqueness and on how this uniqueness is perceived by key stakeholders. Based on this view, the following sections focus on uniqueness as the internal foundation of strategic distinctiveness and on differentiation as the process through which this uniqueness is evaluated and legitimized in the market.

4.4.2. Uniqueness as the Internal Foundation of Strategic Distinctiveness

Strategic distinctiveness ultimately stems from firms' internal characteristics that set them apart at a deeper level than visible market features. While differentiation describes how firms present themselves in the market, uniqueness reflects what firms fundamentally are. It is rooted in organizational identity, internal capabilities, strategic direction, and accumulated knowledge, and forms the internal basis of strategic distinctiveness. Without this internal foundation, differentiation is likely to remain superficial, easy to imitate, or unstable over time.

Prior research highlights the close link between uniqueness and organizational identity. Zhao and Glynn (2022)³⁶ describe distinctiveness as a tension between similarity and difference that is shaped through organizational identity processes. From this perspective, firms do not simply choose to be unique; instead, uniqueness develops from shared internal understandings of who the organization is, what it represents, and how it positions itself within existing categories. These identity-based foundations shape which forms of differentiation are seen as authentic and legitimate, both inside the organization and by external audiences. This view provides a relevant understanding for analyzing strategic distinctiveness, emphasizing that competitive advantage depends on managing the balance between differentiation and conformity.

Similarly, Mathias et al. (2020) show that identity distinctiveness rooted in ownership structure and internal governance plays a critical role in sustaining oppositional or nonconforming positions. For instance, their analysis of the craft brewing industry shows that identity codes linked to producers, such as independent ownership, are harder to imitate or co-opt than product-based codes. As these forms of uniqueness are embedded in internal organizational arrangements and decision-making

³⁶ Zhao, E. Y., & Glynn, M. A. (2022). Optimal distinctiveness: A review and future research agenda. *Organization Science*, 33(6), 1–23. <https://doi.org/10.1287/orsc.2022.xxxx>

structures, they tend to be more durable over time than surface-level differentiation. This reinforces the idea that strategic distinctiveness cannot be explained by market-facing features alone, but needs to be grounded in firm-specific internal characteristics. As Mathias et al. (2020) conclude, “members of the oppositional category shift their collective identity, putting greater emphasis on producer-based identity codes ... and less emphasis on product-based codes ... in order to renew the distinctiveness of the oppositional identity” (Mathias et al., 2020, p. 2575)³⁷. This process highlights how strategic distinctiveness is sustained by grounding differentiation in internal sources of uniqueness that competitors cannot easily imitate.

Research on optimal distinctiveness further reinforces the role of uniqueness as an internal foundation rather than a purely external positioning choice. Durand and Haans (2022) argue that organizations’ ability and motivation to pursue optimal distinctiveness depend heavily on internal constraints, capabilities, and identity commitments. Firms differ not only in how much they want to stand out, but also in how far they can deviate from norms without undermining internal coherence. This suggests that uniqueness defines the internal boundaries within which differentiation can be strategically pursued.

Taken together, these studies suggest that uniqueness is essential for strategic distinctiveness, but on its own it is not enough. While uniqueness adds depth and coherence to a firm’s positioning, its strategic value depends on how it is expressed through differentiation that audiences can understand and accept. In this sense, uniqueness forms the internal basis of strategic distinctiveness, influencing both how firms differentiate and the boundaries within which differentiation remains effective.

Building on this view, the next section turns to differentiation as the process through which internal uniqueness becomes visible and meaningful to external audiences, particularly in market and investment settings.

4.4.3. Differentiation as the Market Translation of Uniqueness

Uniqueness provides the internal basis of strategic distinctiveness, while differentiation determines how this basis is communicated externally. Differentiation makes internal features visible in the market, allowing external audiences to interpret and evaluate them. In this way, differentiation does not create uniqueness, but gives

³⁷ Mathias, B. D., Huyghe, A., Frid, C. J., & Galloway, T. L. (2020). Selling your soul to the devil? The importance of independent ownership to identity distinctiveness for oppositional categories. *Strategic Management Journal*, 41(13), 2548–2584. <https://doi.org/10.1002/smj.3180>

form to existing internal characteristics such as identity, capabilities, and strategic intent.

Prior research shows that differentiation is inherently relational and shaped by audience perceptions. Banerjee, Cole, and Ingram (2023) argue that distinctiveness cannot be evaluated in isolation, but must be understood in relation to both competitors and audience expectations. Using a deep learning approach to analyze product distinctiveness, they demonstrate that differentiation depends not only on what firms offer, but also on whom they differentiate from and for whom they seek to stand out. This perspective highlights the role of differentiation as a perceptual process through which internal uniqueness is interpreted by relevant stakeholders.

Research also shows that differentiation works across different levels. Bu et al. (2022)³⁸ find that both within-firm and between-firm distinctiveness in product design shape market performance. Their results indicate that firms need to maintain internal consistency in their design choices while still creating enough distance from competitors. In this way, differentiation links internal coherence with external recognition, helping firms translate internal uniqueness into legitimacy in the market. This implies that effective differentiation requires consistency within the firm's own design logic, alongside clear separation from industry-level norms.

The literature on optimal distinctiveness also highlights the risks associated with misaligned differentiation. Van Angeren et al. (2022) show that differentiation across revenue models improves performance only when firms balance novelty with familiarity in ways that audiences can meaningfully interpret.³⁹ While excessive differentiation may attract attention, it can undermine legitimacy when it translates internal uniqueness into market signals that violate established norms. Conversely, limited differentiation may preserve legitimacy but fail to convey a firm's underlying uniqueness. Taken together, these findings suggest that differentiation functions as the market-facing translation of uniqueness and must be carefully calibrated to ensure that internal distinctiveness is neither obscured nor misinterpreted.

From a signaling perspective, differentiation becomes especially important in settings marked by high information asymmetry. In entrepreneurial and investment-driven

³⁸ Bu, Y., Guo, Z., & Xu, Y. (2022). Product design distinctiveness and firm performance: A multilevel perspective. *Strategic Management Journal*, 43(8), 1564–1590.
<https://doi.org/10.1002/smj.3375>

³⁹ Van Angeren, J., Kolkman, D., & Van den Ende, J. (2022). Paid or free? The performance effects of distinctiveness in revenue models. *Strategic Management Journal*, 43(9), 1762–179.
<https://doi.org/10.1002/smj.3390>

contexts such as equity crowdfunding, external stakeholders have limited access to firms' internal qualities. Under these conditions, differentiation serves as a signal through which firms communicate aspects of their underlying uniqueness, strategic direction, and long-term potential. Building on signaling theory (Spence, 1973), prior research shows that visible differences in a firm's value proposition help investors form inferences about otherwise unobservable characteristics (Ahlers et al., 2015)

However, differentiation only functions as an effective signal when it is clearly communicated and meaningfully interpreted by audiences. Ortiz (2022) demonstrates that organizations often articulate their purpose and stakeholder orientation, yet struggle to clearly convey what makes them distinctive. Her findings suggest that distinctiveness does not arise automatically from possessing unique attributes, but from translating these attributes into coherent and audience-specific narratives. When this translation remains generic or poorly aligned with the firm's underlying identity, organizations may achieve legitimacy without being perceived as meaningfully different. This dynamic becomes particularly visible in times of crisis, such as the COVID-19 pandemic, when organizations frequently adopt broadly shared values but fail to appear distinctive unless these values are explicitly linked to their unique identity⁴⁰ (Ortiz, 2022).

Taken together, differentiation can be seen as the way internal uniqueness is brought to the market. It allows firms to signal who they are, what they stand for, and why they matter, but its impact depends on how coherent and substantial the underlying uniqueness is. Strategic distinctiveness therefore does not stem from differentiation or uniqueness on their own, but from their interaction: uniqueness that is firmly rooted inside the firm and expressed externally through differentiation that audiences find meaningful and legitimate.

4.4.4. Strategic Distinctiveness as an Integrative Construct: An Optimal Distinctiveness Perspective

The discussion in this chapter indicates that strategic distinctiveness cannot be explained by uniqueness or differentiation alone. Instead, it emerges as an integrative construct that captures how internally grounded uniqueness is translated into externally perceived differentiation under conditions of legitimacy. Building on this discussion, this section introduces optimal distinctiveness as a unifying framework

⁴⁰ Ortiz, S. (2022) 'Mission statements and organizational distinctiveness during the COVID-19 crisis', *Journal of Strategic Marketing*, 30(3), pp. 234–255.

that captures how firms balance differentiation and conformity over time and across contexts.

Zhao and Glynn (2022) describe optimal distinctiveness as a relational and audience-dependent condition in which organizations need to remain recognizable within established categories while still differentiating themselves from competitors. From this perspective, distinctiveness is not an inherent or absolute quality, but depends on how firms position their value propositions relative to category norms, stakeholder expectations, and prevailing institutional logics. Strategic distinctiveness thus emerges when internal uniqueness is aligned with forms of differentiation that audiences recognize as both meaningful and legitimate. Authors highlight that, strategic distinctiveness is best understood not as being maximally different, but as being different in ways that remain intelligible and legitimate to relevant audiences. Zhao and Glynn (2022) describe optimal distinctiveness as a “conceptual guardrail”⁴¹ that enables differentiation while constraining it through conformity to maintain legitimacy (p. 2).

Optimal distinctiveness does not require maximizing differentiation. Instead, organizational performance improves when firms achieve a balanced level of distinctiveness that minimizes competitive overlap while maintaining legitimacy. Excessive deviation from established norms can erode stakeholder acceptance, even in the absence of significant competitive pressure. Therefore, the relationship between distinctiveness and performance is not linear but reflects a balance between differentiation and conformity.

Bu et al. (2022) extend this perspective by introducing a multilevel view of distinctiveness. They differentiate between within-organization and between-organization distinctiveness, demonstrating that moderate variation can signal innovation and creative capability, while excessive deviation may result in legitimacy costs and diminished market acceptance. Their findings indicate that distinctiveness must be coordinated across organizational levels to enhance performance.

Strategic distinctiveness involves maintaining internal coherence while signaling meaningful differentiation to external audiences. When distinctiveness exceeds internally coherent boundaries, its effects on performance may become negative rather than beneficial. This idea is also supported by McKnight and Zietsma (2018) that identify threshold effects, showing the benefits of distinctiveness diminish once firms

⁴¹ Zhao, E. Y., & Glynn, M. A. (2022). *On being the same and different: A discussion of optimal distinctiveness*. *Organization Science*, 33(1), 1–16. <https://doi.org/10.1287/orsc.2021.1507>

move beyond an optimal range. Their configurational approach highlights that both insufficient differentiation and excessive distinctiveness can constrain performance outcomes. This threshold logic supports the view that strategic distinctiveness exists within a limited performance enhancing area rather than at the extremes of differentiation.

The risks associated with excessive distinctiveness are particularly important for new ventures. ⁴²Goldenstein et al. (2019) show that ventures deviating too far from established norms face higher failure risk, especially in uncertain environments where audiences rely on familiar cues to evaluate legitimacy due to liability of newness ⁴³(Stinchcombe, 1965). By contrast, as ventures mature and legitimacy becomes more stable, the relative benefits of distinctiveness may change.

Taken together, these insights clarify that strategic distinctiveness represents an integrative outcome in which uniqueness and differentiation interact under legitimacy constraints. Uniqueness provides the internal foundation for differentiation, while differentiation translates this uniqueness into market-relevant signals. Strategic distinctiveness therefore emerges when firms successfully occupy the intersection between these dimensions, achieving sufficient differentiation to stand out without compromising legitimacy. This integrative view provides a coherent theoretical basis for examining how strategic distinctiveness influences performance outcomes, particularly in entrepreneurial and investment-driven contexts characterized by information asymmetry.

⁴² Goldenstein, J., Hunoldt, M., & Oertel, S. (2019). The challenge of being different: Optimal distinctiveness, legitimacy, and survival. *Strategic Management Journal*, 40(9), 1536–1558. <https://doi.org/10.1002/smj.3049>

⁴³ Stinchcombe, A. L. (1965). *Social structure and organizations*. In J. G. March (Ed.), *Handbook of organizations* (pp. 142–193). Rand McNally.

4.5. Conceptual Framework

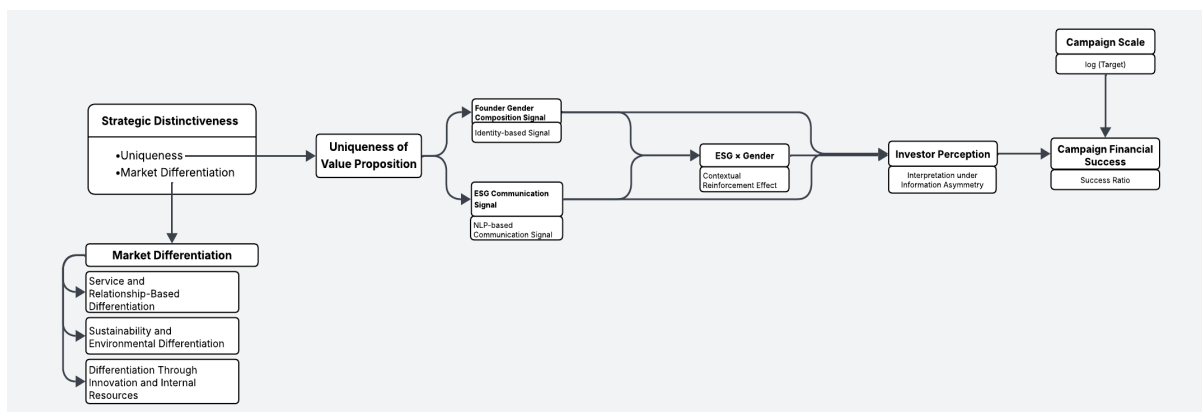


Figure 3 : Conceptual Framework: Value Proposition Uniqueness and Signaling Mechanisms in Equity Crowdfunding

Figure 3 depicts the conceptual framework that connects the empirical findings of this study to the theoretical foundations of strategic distinctiveness. The primary explanatory construct is value proposition uniqueness, which is considered as an aspect of strategic distinctiveness. In equity crowdfunding environments with strong information asymmetry, uniqueness can be observed through signaling processes incorporated in the campaign narrative. Two major signaling methods are identified: ESG communication signals and founder gender composition. ESG captures sustainability-related narratives contained in the value proposition, whereas gender is an identity-based signal that can influence investor perception on its own. Furthermore, the interaction between ESG and gender highlights the idea that sustainability signals may work differently depending on founder composition.

5 Empirical Findings

This chapter presents a small-scale exploratory statistical analysis intended to illustrate how the conceptual framework developed in the previous chapters may relate to observable patterns in actual equity crowdfunding campaigns. Rather than aiming to establish formal econometric relationships or definitive causal effects, the analysis serves as a preliminary empirical exercise designed to identify potential directional associations within a limited sample of cases.

Given the small number of campaigns included ($N = 10$), the findings should be interpreted as illustrative and cannot be generalized to the broader crowdfunding population. The primary purpose of this chapter is therefore not hypothesis testing in a formal sense, but to examine whether empirical patterns appear broadly consistent with the theoretical mechanisms discussed in the literature review.

5.1. Data and Variable Construction

This chapter presents the empirical exploration of the relationship between gender composition, ESG signaling, and campaign performance in equity crowdfunding. The analysis is based on a hand-collected dataset of ten equity crowdfunding campaigns. Given the limited sample size, the empirical strategy is exploratory in nature and aims to identify directional patterns rather than establish causal claims.

Dependent Variable

Campaign performance is measured using the success ratio, defined as:

$$SuccessRatio_i = \frac{CapitalRaised_i}{Target_i}$$

This metric reflects whether a campaign met its funding target as well as how much it exceeded or failed to meet it. More detailed comparisons of campaigns with varying funding amounts are possible when a ratio is used instead of a binary success indicator.

Gender Variables

Gender composition within the founding team is operationalized using two alternative measures:

1. **Female Share (continuous variable):** the proportion of female founders within the founding team.
2. **Female Dummy (binary variable):** equal to 1 if at least one female founder is present, and 0 otherwise.

The continuous specification tests whether increasing female representation is associated with performance in a proportional manner. The dummy specification instead captures whether female presence itself functions as a signal, independently of intensity.

ESG Variable

The sustainability dimension of each firm's communicated value proposition is measured using an NLP-based ESG scoring approach developed by Mansouri and Momtaz (2022).⁴⁴The method analyzes publicly available company descriptions and identifies environmental, social, and governance-related signals embedded in textual narratives through machine learning. The resulting ESG score is normalized between 0 and 1.

Importantly, this measure does not capture firms' actual sustainability performance. Rather, it reflects how sustainability is communicated to external stakeholders. In the context of equity crowdfunding, where information asymmetry is high, such communication-based signals may shape investor perception and influence funding outcomes.

Although gender diversity could conceptually relate to the social (S) component of ESG, it is treated separately in this study. ESG captures the sustainability narrative embedded in the value proposition as communicated by the firm, whereas gender composition represents an identity-based signal originating from team structure. Collapsing gender into the social component of ESG would obscure this conceptual distinction and prevent the analysis of potential interaction effects between sustainability signaling and founder identity.

⁴⁴ Mansouri, S., & Momtaz, P. P. (2022). *Artificial Intelligence and Sustainable Investing: ESG Scoring Using Machine Learning*. Retrieved from <https://www.sustainableentrepreneurship.org>

Control Variable

To control for campaign scale effects, the logarithm of the funding target is included:

$$\log(\text{Target}_i)$$

Larger funding targets may be associated with different levels of visibility, perceived risk, or investor attention. Including the logarithmic transformation helps mitigate scale heterogeneity and reduces skewness in the target variable.

5.2. Gender and Campaign Performance

This study investigates the association between gender composition within founding teams and campaign performance using an Ordinary Least Squares (OLS) regression framework. The dependent variable is defined as the success ratio, calculated as capital raised divided by the funding target. Gender composition and campaign scale serve as explanatory variables.

Due to the limited sample size, the regression analysis is considered exploratory. The primary aim is to identify potential directional tendencies rather than to establish structural or causal relationships.

5.2.1. Exploratory Regression Framework

To examine the relationship between gender composition and campaign performance, an Ordinary Least Squares (OLS) regression model ⁴⁵(Wooldridge, 2013) is employed as an exploratory analytical tool:

$$\text{SuccessRatio}_i = \beta_0 + \beta_1 \text{Female}_i + \beta_2 \log(\text{Target}_i) + \varepsilon_i$$

- SuccessRatio_i is the dependent variable and represents campaign performance
- Female_i represents either Female Share or Female Dummy,
- $\log(\text{Target}_i)$ controls for campaign size,
- ε_i is the error term.

The coefficient β_1 captures the association between gender composition and campaign performance within this limited dataset. Any statistical patterns should be interpreted with caution given the small number of observations ($N = 10$).

⁴⁵ Wooldridge, J. M. (2013). *Introductory econometrics: A modern approach* (5th ed.). South-Western Cengage Learning.

OLS is used here as a simplified linear specification to identify possible directional tendencies in the data. The objective is not to establish causal relationships, but rather to assess whether observable associations appear broadly consistent with the theoretical expectations discussed in the literature.

If a positive association were to emerge, this could be interpreted as potential investor responsiveness to diversity-related narratives. Conversely, a negative association could align with literature documenting gender-based biases in entrepreneurial finance. However, given the exploratory nature of the analysis, any such interpretations remain tentative.

5.2.2. Empirical Results

Two alternative specifications are considered. The first uses the percentage of female founders as a continuous measure. The second replaces this with a binary indicator capturing the presence of at least one female founder.

Model 1: Female Share (Continuous Specification)

The estimation results indicate an R^2 of 0.534, which shows that approximately 53% of the variation in campaign performance is explained by the model. The overall F-statistic is marginally significant at the 10% level ($p = 0.069$), which, given the small sample size, suggests moderate explanatory power.

The coefficient for $\log(\text{Target})$ is negative and statistically significant ($\beta = -0.603$, $p = 0.025$). This implies that larger funding targets are associated with lower success ratios. In other words, campaigns seeking higher amounts tend to face greater difficulty in fully achieving or exceeding their funding goals. This finding is consistent with the idea that larger targets may increase perceived risk or reduce the probability of overfunding.

In contrast, the coefficient for the percentage of female founders is positive but statistically insignificant ($\beta = 0.325$, $p = 0.735$). While the sign suggests that higher female representation could be associated with slightly better performance, the lack of statistical significance indicates that no robust relationship can be established within this sample. Therefore, there is no evidence that increasing the share of female founders systematically improves or reduces campaign success.

Model 2: Female Presence (Dummy Specification)

The second specification replaces the continuous measure with a binary indicator with the presence of at least one female founder.

This model yields a slightly higher R^2 of 0.553, with the overall model significance again marginal at conventional levels (F-test $p = 0.060$). As in the previous specification, $\log(\text{Target})$ remains negative and statistically significant ($\beta = -0.608$, $p = 0.022$), reinforcing the scale effect observed earlier.

The coefficient on the female dummy variable is positive but not statistically significant ($\beta = 0.198$, $p = 0.536$). This suggests that campaigns including at least one female founder do not exhibit systematically different success ratios compared to all-male teams. The magnitude of the coefficient indicates a small positive relation, yet substantial uncertainty is confirmed by yet the wide confidence interval.

Table 1: OLS Regression Results: Gender Composition and Campaign Performance

Variables	(1) Female Share	(2) Female Dummy
Female Share	0.325	–
	(0.735)*	
Female Dummy	–	0.198
		(0.536)
$\log(\text{Target})$	-0.603	-0.608
	(0.025)	(0.022)
Constant	8.157	8.193
	(0.016)	(0.015)
Observations	10	10
R^2	0.534	0.553
Adjusted R^2	0.401	0.425

The dependent variable is Success Ratio (Capital Raised / Target).

*p-values are reported in parentheses. $p < 0.05$, $p < 0.10$ **

5.2.3. Interpretation

Across both specifications, the results do not provide statistical evidence that gender composition functions as a direct performance-enhancing or performance-reducing signal in this sample of campaigns.

However, two patterns can be seen:

1. **Campaign scale matters.** Larger funding targets are consistently associated with lower success ratios. This scale effect appears to be the most stable determinant in the model.
2. **Gender effects are not statistically detectable.** Although coefficients are positive in both models, they are not significant. While the limited sample size reduces statistical power, the absence of a strong direct effect may also be theoretically consistent.

The absence of a statistically significant negative association between female founder presence and campaign performance may appear inconsistent with prior literature, which frequently documents gender-based disadvantages in entrepreneurial finance. Existing studies suggest that female entrepreneurs often face lower perceived credibility, higher perceived risk, and reduced access to capital due to implicit biases and leadership stereotypes. However, the findings of this exploratory analysis do not reveal a clear negative performance penalty associated with female participation. Several factors may explain this divergence from previous research.

First, equity crowdfunding differs from traditional venture capital in terms of investor composition. Retail investors on crowdfunding platforms may prioritize narrative coherence and perceived authenticity over traditional leadership stereotypes. In these contexts, identity-based signals may function differently.

Second, gender may not function as a purely negative signal. While prior literature emphasizes bias, it also acknowledges that female entrepreneurship is often associated with social orientation and ethical commitment. In campaigns that emphasize sustainability or social value, female founder presence may align with investor expectations, potentially offsetting negative stereotype effects.

Finally, the limited sample size ($N=10$) restricts statistical power and may prevent the detection of subtle patterns. In a small dataset, competing signaling mechanisms, bias-based and prosocial-based, may yield net effects that appear statistically indistinguishable from zero.

Therefore, rather than contradicting existing literature, these findings suggest that gender effects in equity crowdfunding are likely to be more context-dependent and interaction-based rather than uniformly negative.

5.3. ESG and Campaign Performance

5.3.1. Exploratory Regression Framework

To assess whether sustainability signaling is associated with campaign performance, an Ordinary Least Squares (OLS) regression model is estimated. The dependent variable is the success ratio, defined as capital raised divided by the funding target. ESG intensity is introduced as the main explanatory variable, while campaign scale is controlled for using the logarithm of the funding target.

The estimated model is:

$$SuccessRatio_i = \beta_0 + \beta_1 ESG_i + \beta_2 \log(Target_i) + \varepsilon_i$$

- $SuccessRatio_i$ is the dependent variable and represents campaign performance
- ESG_i represents NLP-based ESG score,
- $\log(Target_i)$ controls for campaign size,
- ε_i is the error term.

Given the limited number of observations ($N = 10$), the analysis is exploratory and aims to detect directional patterns rather than establish causal effects.

5.3.2. Empirical Results

The model explains approximately 63% of the variation in campaign performance ($R^2 = 0.632$; Adjusted $R^2 = 0.527$). The overall F-statistic is statistically significant ($p = 0.030$), indicating that the explanatory variables jointly contribute to explaining variation in the success ratio.

The coefficient on $\log(Target)$ remains negative and statistically significant ($\beta = -0.791$, $p = 0.012$), reinforcing the recurring pattern that higher funding targets are associated with lower success ratios.

The ESG coefficient is positive ($\beta = 21.873$), suggesting a potential positive association between sustainability communication and funding performance. However, this estimate is not statistically significant ($p = 0.198$), and the wide confidence interval reflects substantial uncertainty. Therefore, while the direction of the association aligns

with theoretical expectations, no statistically robust relationship can be established within this dataset.

Table 2: OLS Regression Results – ESG and Campaign Performance

Variables	(1) ESG Model
ESG score	21.873
	(0.198)
log(Target)	-0.791
	(0.012)**
Constant	10.186
	(0.007)***
Observations	10
R ²	0.632
Adjusted R ²	0.527

The dependent variable is Success Ratio (Capital Raised / Target).

*p-values are reported in parentheses. *** $p < 0.01$, ** $p < 0.05$, * $p < 0.10$*

5.3.3. Interpretation

The results suggest that sustainability communication may be positively associated with crowdfunding performance, but the relationship cannot be considered statistically robust within this sample.

Two findings stand out.

- 1. Campaign scale matters.** Across all specifications in this chapter, the funding target consistently exhibits a negative and significant relationship with the success ratio.
- 2. ESG signaling shows a positive but statistically insignificant coefficient.** While the limited sample size may reduce statistical power, the absence of significance should not automatically be interpreted as evidence of irrelevance.

From a signaling theory perspective, sustainability elements are not necessarily expected to operate as direct performance drivers. Instead, they may operate as contextual signals that influence how investors interpret a venture's distinctiveness and credibility. Their impact may therefore depend on additional factors such as founder characteristics, industry context, or narrative framing.

This interpretation motivates the subsequent analysis of interaction effects between ESG orientation and gender composition, allowing for a more nuanced understanding of how signals operate jointly rather than independently.

5.4. ESG, Gender Interaction and Campaign Performance

To explore whether the association between ESG signaling and campaign performance differs depending on founder gender composition, an interaction term between ESG score and female presence is introduced.

From a signaling theory perspective, ESG narratives may not function uniformly across campaigns. Investors could interpret sustainability signals differently depending on the identity of the founders. In particular, female entrepreneurship is often associated in the literature with social orientation, ethical commitment, and long-term value creation. Therefore, ESG signaling might be perceived as more credible or more consistent when communicated by teams including female founders. To test this possibility, an interaction term between ESG score and female founder presence is introduced. Given the small sample size, this specification should be interpreted as an exploratory statistical exercise rather than a formal test of moderation.

5.4.1. Exploratory Regression Framework

The following OLS regression model is estimated:

$$\begin{aligned} \text{SuccessRatio}_i &= \beta_0 + \beta_1 \text{FemaleDummy}_i \\ &+ \beta_2 \text{ESG}_i + \beta_3 (\text{FemaleDummy}_i \times \text{ESG}_i) + \beta_4 \log(\text{Target}_i) + \varepsilon_i \end{aligned}$$

Where:

- SuccessRatio_i is the dependent variable and represents campaign performance

- $FemaleDummy_i$ equals 1 if at least one female founder is present, otherwise 0
- $\log(Target_i)$ controls for campaign size,
- ε_i is the error term.
- The interaction coefficient β_3 indicates whether the impact of ESG signaling on campaign performance differs between male-only teams and teams including female founders.

Given the limited sample size ($N = 10$), results are interpreted as exploratory.

5.4.2. Empirical Results

The interaction model yields an R^2 of 0.709, indicating a higher model fit relative to the baseline specifications within this limited dataset. However, the overall F-statistic does not reach conventional significance levels ($p = 0.127$), which reflects the limited statistical power associated with the small number of observations.

As in previous specifications, the coefficient for $\log(Target)$ remains negative and statistically significant within this sample ($\beta = -0.708$, $p = 0.040$). This pattern is consistent with earlier findings, suggesting that campaigns with higher funding targets tend to achieve lower success ratios. This recurring association appears to reflect structural campaign characteristics rather than signaling effects.

The coefficient for Female Dummy is negative but statistically insignificant ($\beta = -0.618$, $p = 0.463$). Within this specification, there is no statistically detectable difference in performance between campaigns with and without female founders once ESG and interaction terms are included.

Similarly, the ESG score remains positive but statistically insignificant ($\beta = 12.038$, $p = 0.540$). While the direction of the coefficient aligns with the theoretical expectation that sustainability communication may be favorably perceived, the estimate is imprecise and does not allow for a reliable inference in this small sample.

Most importantly, the interaction term between Female Dummy and ESG score is positive ($\beta = 44.646$) but statistically insignificant ($p = 0.341$). Although the positive sign may suggest that sustainability signaling could operate differently in campaigns including female founders, the absence of statistical significance prevents drawing robust conclusions regarding a moderating relationship.

Table 3: OLS Regression Results: ESG–Gender Interaction and Campaign Performance

Variables	(4) Interaction Model
Female Dummy	-0.618
	(0.463)
ESG Score	12.038
	(0.540)
Female Dummy × ESG	44.646
	(0.341)
log(Target)	-0.708**
	(0.040)
Constant	9.257**
	(0.027)
Observations	10
R²	0.709
Adjusted R²	0.476
F-statistic (p-value)	3.046 (0.127)

The dependent variable is Success Ratio (Capital Raised / Target).

*p-values are reported in parentheses. * $p < 0.05$, $p < 0.10$.*

5.4.3. Interpretation

The interaction specification does not reveal a statistically significant pattern suggesting that ESG signaling functions differently based on founder gender composition in this limited dataset. While the positive interaction coefficient aligns with the theoretical expectation that sustainability signals are perceived as more credible when associated with female founders, the estimate is imprecise and does not allow for reliable inference.

Two observations remain stable across all models:

- Campaign scale consistently influences performance, as larger targets are associated with lower success ratios.
- Neither gender composition nor ESG signaling, individually or jointly, demonstrates a statistically significant direct effect on campaign outcomes within this small sample.

From a signaling theory perspective, these findings may indicate that ESG and gender cues do not function as isolated performance determinants. Instead, their potential influence may depend on broader contextual factors such as narrative coherence, sector positioning, investor composition, or communication strategy — dimensions that are not explicitly captured in this simplified empirical framework.

Given the very small number of observations ($N = 10$), the results should be interpreted strictly as illustrative. The absence of statistical significance does not suggest that ESG or gender are irrelevant in equity crowdfunding contexts. Rather, it reflects the exploratory nature of the analysis and the limitations inherent in drawing strong inferences from a limited dataset.

6 Discussion

6.1. Implications for Scholars

This research contributes to the literature by developing an integrated conceptual framework that links value proposition uniqueness, signaling theory, and entrepreneurial finance within the context of equity crowdfunding.

First, the theoretical integration suggests that value proposition uniqueness should not be treated as an inherently positive strategic attribute. Drawing on optimal distinctiveness theory, the analysis emphasizes that distinctiveness becomes economically meaningful only when it is perceived as legitimate, interpretable, and contextually coherent. In environments characterized by high information asymmetry, such as equity crowdfunding, uniqueness may increase uncertainty unless it is clearly embedded within a credible narrative. Future research could therefore examine gradations of distinctiveness, narrative clarity, and investor–venture alignment rather than relying solely on binary indicators of differentiation.

Second, exploratory empirical findings show that neither ESG signaling nor gender composition has a statistically significant direct relationship with campaign performance in the limited sample analyzed. While these results are not generalizable, they suggest that sustainability and gender may act more as contextual signals than as direct performance drivers, with their impact shaped by broader strategic framing and investor interpretation. Future studies with larger datasets should formally test interaction effects and conditional mechanisms to better capture the complexity of signal interpretation.

Third, the consistent negative association between funding target size and success ratio suggests that structural campaign design choices are central to crowdfunding outcomes. Although this pattern is based on a small dataset, it underscores the need to integrate communication and financial design variables in future research.

Finally, this study underscores the importance of combining conceptual clarity with rigorous empirical testing. The exploratory dataset highlights the limitations of small samples and points to the need for larger, cross-platform studies using advanced textual analysis and formal mediation or moderation models.

6.2. Implications for Practitioners

In addition to its theoretical insights, this thesis provides practical guidance for entrepreneurs in equity crowdfunding.

First, the analysis shows that uniqueness alone does not ensure financial success. Distinctiveness must be communicated credibly, coherently, and in line with investor expectations. Ventures presenting complex or highly innovative ideas without clear communication may increase perceived uncertainty.

Second, gender composition does not show a direct link to performance in this sample. This may suggest that crowdfunding differs from traditional venture capital. Entrepreneurs should focus on clear communication, narrative framing, and sector positioning in relation to founder identity. Strategic clarity is more important than conforming to perceived stereotypes.

Third, sustainability communication should not be treated as an independent performance lever. The exploratory results suggest that ESG signaling may be most effective when it is deeply integrated into the core business logic rather than presented as an isolated attribute. Investors are more likely to respond positively when sustainability is linked to long-term viability and strategic coherence.

Finally, campaign scale is crucial. Higher funding targets are consistently linked to lower success rates in this sample. Entrepreneurs should set funding goals that balance ambition with perceived achievability.

Overall, the broader implication is that success in equity crowdfunding does not appear to depend simply on being unique, sustainable, or demographically distinctive. Rather, it seems to depend on how these characteristics are translated into coherent and credible signals that reduce uncertainty for investors.

7 Conclusion

This thesis aims to explore the role of value proposition uniqueness in equity crowdfunding and to better understand how distinctiveness may be interpreted by investors operating under conditions of uncertainty. Instead of aiming to establish definitive causal relationships, the study mainly developed a structured conceptual framework that brings together insights from strategic management, signaling theory, optimal distinctiveness, and entrepreneurial finance.

The theoretical discussion suggested that uniqueness, does not automatically translate into financial success. Based on optimal distinctiveness theory, the analysis highlighted that distinctiveness may only become valuable when it is perceived as both legitimate and understandable. In crowdfunding environments, where information asymmetry and uncertainty are high, investors often rely on signals, narratives, and contextual cues to interpret the quality and potential of a venture. From this perspective, value proposition uniqueness can function as a strategic signal, yet its effectiveness appears to depend on how coherently it is framed and communicated.

The exploratory empirical analysis, conducted on a limited sample of campaigns, did not reveal statistically significant direct effects of sustainability-related elements or gender composition on funding outcomes. Given the small sample size, these results cannot be generalized. However, they suggest that sustainability and gender may operate more as contextual or interaction-based signals rather than as standalone determinants of performance. Their potential influence is likely shaped by factors such as industry context, campaign design, investor expectations, and narrative coherence.

One repeating observation was the negative association between higher funding targets and success ratios. Although exploratory in nature, this finding points to the importance of structural campaign design decisions in shaping observable outcomes. It indicates that beyond strategic positioning and signaling, practical considerations such as target calibration may play a fundamental role in crowdfunding performance.

Overall, this thesis does not claim to offer definitive empirical conclusions. Instead, its main contribution lies in the conceptual integration of multiple theoretical perspectives to clarify how uniqueness may function within crowdfunding contexts. Positioning value proposition distinctiveness within a signaling framework establishes a basis for subsequent empirical research to examine non-linear effects,

mediation mechanisms, and interaction patterns with larger datasets and advanced statistical methods.

In conclusion, the findings indicate that financial success in equity crowdfunding is unlikely to depend just on being different, sustainable, or demographically diverse. Rather, it depends on how these characteristics are translated into credible, coherent, and contextually meaningful signals capable of reducing uncertainty for investors. This perspective encourages a more detailed understanding of distinctiveness as a relational and interpretative process rather than as an intrinsic advantage.

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9 Appendix

Prompts in ChatGPT (search the web)

User: Can you share the academic papers that relates to this keywords: ("value proposition" OR "value") AND ("unique*" OR "differentiat*" OR "position*" OR "singular*" OR "distinct*" OR "segment*") AND ("strateg*" OR "innovat*" OR "competit*" OR "business" OR "perform*" OR "grow*" OR "sell*" OR "surviv*")?

Assistant: Based on your specified keywords, here are several academic papers that explore the concepts of value proposition, differentiation, and business strategy:

1. "Value Proposition as a Catalyst for a Customer-Focused Innovation" by J. Lindic and L. da Silva Marques. This paper discusses how value propositions can drive customer-centric innovation within businesses.
2. "Towards a Multidisciplinary Definition of Innovation" by A. Baregheh, J. Rowley, and S. Sambrook. The authors aim to provide a comprehensive definition of innovation, integrating perspectives from various disciplines, which is crucial for understanding strategic differentiation.
3. "Re-inventing Value Propositions" by A. Kambil, A. Ginsberg, and M. Bloch. This working paper explores how businesses can redefine their value propositions to achieve competitive advantage.
4. "Creating and Delivering Your Value Proposition: Managing Customer Experience for Profit" by C. Barnes, H. Blake, and D. Pinder. Although a book, it provides in-depth insights into formulating and implementing effective value propositions to enhance business performance.
5. "Modeling Value Propositions in e-Business" by A. Osterwalder and Y. Pigneur. This paper presents a framework for modeling value propositions in the context of electronic business, highlighting strategic positioning and innovation.
6. "Consumer Perceptions of Price, Quality, and Value: A Means-End Model and Synthesis of Evidence" by V. Zeithaml. This study examines how consumers perceive value, which is essential for businesses aiming to differentiate themselves strategically.

These publications provide valuable insights into how businesses can develop unique value propositions, differentiate themselves in the market, and implement strategies that drive performance and growth.

User: Can you share others?

[Iteration until saturation]

User: Can you share the documents (e.g., relevant consulting company reports) that relates to this keywords: ("value proposition" OR "value") AND ("unique*" OR "differentiat*" OR "position*" OR "singular*" OR "distinct*" OR "segment*") AND ("strateg*" OR "innovat*" OR "competit*" OR "business" OR "perform*" OR "grow*" OR "sell*" OR "surviv*")?

Assistant: Certainly, here are several consulting firm reports that delve into value propositions, differentiation strategies, and business performance:

1. "EV Fast Charging: How to Build and Sustain Competitive Differentiation" by McKinsey & Company. This report discusses strategies for charge point operators (CPOs) to develop appealing value propositions in the electric vehicle market, emphasizing the importance of high charging speeds and seamless customer experiences.

McKinsey & Company

2. "Building a Competitive Advantage Through Analytics" by Deloitte. This article explores how companies can leverage data analytics to enhance their value propositions, achieve differentiation, and secure a competitive edge through improved customer insights and operational efficiencies.

Deloitte United States

3. "Differentiation Begins with a Target Operating Model" by Boston Consulting Group (BCG). This publication examines how asset managers can design target operating models aligned with their strategic vision to achieve differentiation and enhance client value propositions.

BCG Global

4. "Private Label Imperative: Managing Own Brands" by EY. This report discusses how retailers can develop powerful and differentiated private-label brands to create excitement and foster lasting connections with consumers, thereby enhancing their overall value proposition.

EY

5. "Value Proposition Development" by Deloitte. This document outlines a structured approach to defining and creating value propositions, helping organizations articulate and achieve their value objectives effectively.

Deloitte United States

These reports provide valuable insights into how organizations can craft and implement effective value propositions and differentiation strategies to drive business performance and achieve a competitive advantage.

User: Can you share others?

[Iteration until saturation]

Appendix B

Prompts in ChatGPT

User: In this spreadsheet, there are academic papers with the four columns: titles, abstracts, author keywords, and index keywords. Please analyze each row and create a new column that assigns the following values: 1 for papers that clearly align with the concept of "uniqueness of value propositions of companies", 0 for papers that do not align, and 2 for papers where the alignment is unclear. Use a systematic approach to ensure a valid and reliable classification.

Assistant: (csv. file) + I have analyzed the content of each row and assigned a classification in the new column "Alignment" based on the specified criteria. You can now review the results and let me know if additional refinements are needed.

User: It is ok. Do you want to run a second time for refining?

Assistant: Yes, running a second refinement pass could improve accuracy. For example, we could:

1. Focus on synonyms or related concepts not initially captured (e.g., "competitive advantage," "customer-centric," "differentiation").
2. Assign more precise weights to articles with partial matches.
3. Apply text preprocessing for better keyword matching (e.g., stemming, removing stop words).

Would you like me to refine using these techniques, or focus on specific adjustments?

User: yes, refine please

Assistant: (csv. file) + The refined classification is complete, with additional terms and related concepts included to improve alignment accuracy. You can review the results to see the updates and let me know if further refinements are required.

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